

**CALIFORNIA DEPARTMENT OF
CHILD SUPPORT SERVICES**



MAY 2005 REVISE

FOR THE

SFY 2005-06

LOCAL ASSISTANCE

ADMINISTRATIVE COSTS

AND COLLECTIONS

ESTIMATES

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



TO: RECIPIENTS OF THE MAY 2005 REVISION OF THE
2005-06 GOVERNOR'S BUDGET

FROM: OLIVIA CORTEZ, Deputy Director
Administrative Services Division

DATE: May 13, 2005

SUBJECT: LOCAL ASSISTANCE ESTIMATES

This memorandum transmits the 2005 May Revision local assistance estimates for the 2005-06 Governor's Budget for the California Department of Child Support Services (DCSS).

The 2005 May Revision updates DCSS local assistance budget for state fiscal year (SFY) 2005-06 and SFY 2004-05. It provides the estimates of the local assistance administrative costs as well as the detailed methodology for each estimate. The 2005 May Revision reflects relatively minor changes to the Governor's Budget estimate. The total administrative costs for local assistance are estimated to be \$1.3 billion (\$471 million, State General Fund (SGF)) for SFY 2005-06 and \$1.0 billion (\$259 million, SGF) for SFY 2004-05. The 2005 May Revision continues to reflect the deferred alternative federal penalty amount (\$218 million) for which payment is due September 2006.

The estimates for the child support collections and miscellaneous revenues for the SFYs 2005-06 and 2004-05 were also updated. The total distributed child support collections are projected to be \$2.4 billion (\$323 million, SGF) for SFY 2005-06, and \$2.3 billion (\$317 million, SGF) for SFY 2004-05.

The May Revision binder includes an Auxiliary Chart section that consists of charts reflecting historical data on child support collections, federal performance measures, and the federal alternative penalty. For convenience, a list of acronyms has been provided under the Premises Methodologies section.

Presented for the first time is the SFY 2005-06 estimate for the Non IV-D Child Support Collections. The non IV-D child support collections are cases that are not currently being served by the local child support agencies. These are cases with court ordered wage assignments, which are currently paid directly to the family, but will be processed through the State Disbursement Unit once implemented.

The material contained in the May 2005 Revision binder will also be available on the DCSS website: <http://www.childsup.ca.gov>. Should you have any questions, please contact the Financial Planning Section at (916) 464-5150.

**CHILD SUPPORT PROGRAM
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TABLE NUMBER 1
COST COMPARISON OF
2004-05 MAY REVISE TO 2004-05 APPROPRIATION
(in thousands)

Budget Item 5175-101	2004-05 MAY REVISE					2004-05 APPROPRIATION					DIFFERENCES				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	991,321	722,520	258,801	10,000	0	975,326	723,495	251,510	0	321	15,995	-975	7,291	10,000	-321
a Local Assistance Child Support Services *	705,280	436,479	258,801	10,000	0	696,462	444,631	251,510	0	321	8,818	-8,152	7,291	10,000	-321
b Child Support Collections Recovery Fund *	286,041	286,041	0	0	0	278,864	278,864	0	0	0	7,177	7,177	0	0	0
c Alternative Federal Penalty *	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	880,341	621,793	248,548	10,000	0	861,975	621,075	240,579	0	321	18,366	718	7,969	10,000	-321
3 Local Child Support Agency Basic Costs	864,043	617,261	236,782	10,000	0	834,064	597,275	236,789	0	0	29,979	19,986	-7	10,000	0
a Administration	739,637	535,444	194,193	10,000	0	709,658	515,458	194,200	0	0	29,979	19,986	-7	10,000	0
b EDP M&O	124,406	81,817	42,589	0	0	124,406	81,817	42,589	0	0	0	0	0	0	0
c Federal Performance Basic Incentives *	0	47,220	-47,220	0	0	0	47,220	-47,220	0	0	0	0	0	0	0
4 Data Reliability Audit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 SDU Implementation LCSA Workload	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 EDP Conversion and Enhancements	15,984	0	15,984	0	0	23,558	15,548	8,010	0	0	-7,574	-15,548	7,974	0	0
7 Alternative Federal Penalty	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Child Support Assurance Demo Project-Evaluation	0	0	0	0	0	321	0	0	0	321	-321	0	0	0	-321
9 Child Support Collection Enhancements	166	4,391	-4,225	0	0	3,935	8,160	-4,225	0	0	-3,769	-3,769	0	0	0
a Compromise Of Arrears Program (COAP)	945	624	321	0	0	945	624	321	0	0	0	0	0	0	0
b Presumed Income Adjustment	2,990	1,973	1,017	0	0	2,990	1,973	1,017	0	0	0	0	0	0	0
c Federal Incentives Impact	0	5,563	-5,563	0	0	0	5,563	-5,563	0	0	0	0	0	0	0
d Federal Incentives Adjustment	-3,769	-3,769	0	0	0	0	0	0	0	0	-3,769	-3,769	0	0	0
10 Co-Located One Stop For NCP - Kern LCSA	148	141	7	0	0	97	92	5	0	0	51	49	2	0	0
11 CHILD SUPPORT AUTOMATION 10.03	110,980	100,727	10,253	0	0	113,351	102,420	10,931	0	0	-2,371	-1,693	-678	0	0
12 California Child Support Automation System - SDU	1,113	1,013	100	0	0	948	848	100	0	0	165	165	0	0	0
a State Disbursement Unit - FTB	818	818	0	0	0	653	653	0	0	0	165	165	0	0	0
b State Disbursement Unit - LCSA	295	195	100	0	0	295	195	100	0	0	0	0	0	0	0
c State Disbursement Unit - Service Provider (SP)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 California Child Support Automation System - CSE	109,867	99,714	10,153	0	0	112,403	101,572	10,831	0	0	-2,536	-1,858	-678	0	0
a Child Support Enforcement - FTB	96,479	96,479	0	0	0	98,310	98,310	0	0	0	-1,831	-1,831	0	0	0
b Child Support Enforcement - LCSA	13,388	3,235	10,153	0	0	14,093	3,262	10,831	0	0	-705	-27	-678	0	0

TABLE NUMBER 2
COST COMPARISON OF
2004-05 MAY REVISE TO 2004-05 NOVEMBER ESTIMATE
(in thousands)

Budget Item 5175-101		2004-05 MAY REVISE					2004-05 NOVEMBER ESTIMATE					DIFFERENCES				
		Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1	CHILD SUPPORT PROGRAM COSTS	991,321	722,520	258,801	10,000	0	970,726	704,351	266,375	0	0	20,595	18,169	-7,574	10,000	0
	a Local Assistance Child Support Services *	705,280	436,479	258,801	10,000	0	682,748	416,373	266,375	0	0	22,532	20,106	-7,574	10,000	0
	b Child Support Collections Recovery Fund *	286,041	286,041	0	0	0	287,978	287,978	0	0	0	-1,937	-1,937	0	0	0
	c Alternative Federal Penalty *	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	CHILD SUPPORT ADMINISTRATION 10.01	880,341	621,793	248,548	10,000	0	857,915	601,793	256,122	0	0	22,426	20,000	-7,574	10,000	0
3	Local Child Support Agency Basic Costs	864,043	617,261	236,782	10,000	0	834,043	597,261	236,782	0	0	30,000	20,000	0	10,000	0
	a Administration	739,637	535,444	194,193	10,000	0	709,637	515,444	194,193	0	0	30,000	20,000	0	10,000	0
	b EDP M&O	124,406	81,817	42,589	0	0	124,406	81,817	42,589	0	0	0	0	0	0	0
	c Federal Performance Basic Incentives *	0	47,220	-47,220	0	0	0	47,220	-47,220	0	0	0	0	0	0	0
4	Data Reliability Audit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	SDU Implementation LCSA Workload	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	EDP Conversion and Enhancements	15,984	0	15,984	0	0	23,558	0	23,558	0	0	-7,574	0	-7,574	0	0
7	Alternative Federal Penalty	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Child Support Assurance Demo Project-Evaluation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Child Support Collection Enhancements	166	4,391	-4,225	0	0	166	4,391	-4,225	0	0	0	0	0	0	0
	a Compromise Of Arrears Program (COAP)	945	624	321	0	0	945	624	321	0	0	0	0	0	0	0
	b Presumed Income Adjustment	2,990	1,973	1,017	0	0	2,990	1,973	1,017	0	0	0	0	0	0	0
	c Federal Incentives Impact	0	5,563	-5,563	0	0	0	5,563	-5,563	0	0	0	0	0	0	0
	d Federal Incentives Adjustment	-3,769	-3,769	0	0	0	-3,769	-3,769	0	0	0	0	0	0	0	0
10	Co-Located One Stop For NCP - Kern LCSA	148	141	7	0	0	148	141	7	0	0	0	0	0	0	0
11	CHILD SUPPORT AUTOMATION 10.03	110,980	100,727	10,253	0	0	112,811	102,558	10,253	0	0	-1,831	-1,831	0	0	0
12	California Child Support Automation System - SDU	1,113	1,013	100	0	0	1,113	1,013	100	0	0	0	0	0	0	0
	a State Disbursement Unit - FTB	818	818	0	0	0	818	818	0	0	0	0	0	0	0	0
	b State Disbursement Unit - LCSA	295	195	100	0	0	295	195	100	0	0	0	0	0	0	0
	c State Disbursement Unit - Service Provider (SP)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	California Child Support Automation System - CSE	109,867	99,714	10,153	0	0	111,698	101,545	10,153	0	0	-1,831	-1,831	0	0	0
	a Child Support Enforcement - FTB	96,479	96,479	0	0	0	98,310	98,310	0	0	0	-1,831	-1,831	0	0	0
	b Child Support Enforcement - LCSA	13,388	3,235	10,153	0	0	13,388	3,235	10,153	0	0	0	0	0	0	0

* Denotes a non-add item, which is displayed for information purposes only.

TABLE NUMBER 3
COST COMPARISON OF
2005-06 MAY REVISE TO 2004-05 MAY REVISE
(in thousands)

Budget Item 5175-101	2005-06 MAY REVISE						2004-05 MAY REVISE						DIFFERENCES				
	Total	Federal	State	County	Reimb.		Total	Federal	State	County	Reimb.		Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	1,277,937	797,288	470,649	10,000	0		991,321	722,520	258,801	10,000	0		286,616	74,768	211,848	0	0
a Local Assistance Child Support Services *	768,001	505,352	252,649	10,000	0		705,280	436,479	258,801	10,000	0		62,721	68,873	-6,152	0	0
b Child Support Collections Recovery Fund *	291,936	291,936	0	0	0		286,041	286,041	0	0	0		5,895	5,895	0	0	0
c Alternative Federal Penalty *	218,000	0	218,000	0	0		0	0	0	0	0		218,000	0	218,000	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	1,100,145	627,636	462,509	10,000	0		880,341	621,793	248,548	10,000	0		219,804	5,843	213,961	0	0
3 Local Child Support Agency Basic Costs	870,086	621,438	238,648	10,000	0		864,043	617,261	236,782	10,000	0		6,043	4,177	1,866	0	0
a Administration	739,658	535,530	194,128	10,000	0		739,637	535,444	194,193	10,000	0		21	86	-65	0	0
b EDP M&O	130,428	85,908	44,520	0	0		124,406	81,817	42,589	0	0		6,022	4,091	1,931	0	0
c Federal Performance Basic Incentives *	0	47,292	-47,292	0	0		0	47,220	-47,220	0	0		0	72	-72	0	0
4 Data Reliability Audit	0	0	0	0	0		0	0	0	0	0		0	0	0	0	0
5 SDU Implementation LCSA Workload	2,234	1,474	760	0	0		0	0	0	0	0		2,234	1,474	760	0	0
6 EDP Conversion and Enhancements	5,890	0	5,890	0	0		15,984	0	15,984	0	0		-10,094	0	-10,094	0	0
7 Alternative Federal Penalty	218,000	0	218,000	0	0		0	0	0	0	0		218,000	0	218,000	0	0
8 Child Support Assurance Demo Project-Evaluation	0	0	0	0	0		0	0	0	0	0		0	0	0	0	0
9 Child Support Collection Enhancements	3,935	4,724	-789	0	0		166	4,391	-4,225	0	0		3,769	333	3,436	0	0
a Compromise Of Arrears Program (COAP)	945	624	321	0	0		945	624	321	0	0		0	0	0	0	0
b Presumed Income Adjustment	2,990	1,973	1,017	0	0		2,990	1,973	1,017	0	0		0	0	0	0	0
c Federal Incentives Impact	0	2,127	-2,127	0	0		0	5,563	-5,563	0	0		0	-3,436	3,436	0	0
d Federal Incentives Adjustment	0	0	0	0	0		-3,769	-3,769	0	0	0		3,769	3,769	0	0	0
10 Co-Located One Stop For NCP - Kern LCSA	0	0	0	0	0		148	141	7	0	0		-148	-141	-7	0	0
11 CHILD SUPPORT AUTOMATION 10.03	177,792	169,652	8,140	0	0		110,980	100,727	10,253	0	0		66,812	68,925	-2,113	0	0
12 California Child Support Automation System - SDU	20,943	13,944	6,999	0	0		1,113	1,013	100	0	0		19,830	12,931	6,899	0	0
a State Disbursement Unit - FTB	983	983	0	0	0		818	818	0	0	0		165	165	0	0	0
b State Disbursement Unit - LCSA	295	195	100	0	0		295	195	100	0	0		0	0	0	0	0
c State Disbursement Unit - Service Provider (SP)	19,665	12,766	6,899	0	0		0	0	0	0	0		19,665	12,766	6,899	0	0
13 California Child Support Automation System - CSE	156,849	155,708	1,141	0	0		109,867	99,714	10,153	0	0		46,982	55,994	-9,012	0	0
a Child Support Enforcement - FTB	153,493	153,493	0	0	0		96,479	96,479	0	0	0		57,014	57,014	0	0	0
b Child Support Enforcement - LCSA	3,356	2,215	1,141	0	0		13,388	3,235	10,153	0	0		-10,032	-1,020	-9,012	0	0

* Denotes a non-add item, which is displayed for information purposes only.

TABLE NUMBER 4
COST COMPARISON OF
2005-06 MAY REVISE TO 2005-06 GOVERNOR'S BUDGET
(in thousands)

Budget Item 5175-101	2005-06 MAY REVISE					2005-06 GOVERNOR'S BUDGET					DIFFERENCES				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	1,277,937	797,288	470,649	10,000	0	1,246,106	775,457	470,649	0	0	31,831	21,831	0	10,000	0
a Local Assistance Child Support Services *	768,001	505,352	252,649	10,000	0	730,801	478,152	252,649	0	0	37,200	27,200	0	10,000	0
b Child Support Collections Recovery Fund *	291,936	291,936	0	0	0	297,305	297,305	0	0	0	-5,369	-5,369	0	0	0
c Alternative Federal Penalty *	218,000	0	218,000	0	0	218,000	0	218,000	0	0	0	0	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	1,100,145	627,636	462,509	10,000	0	1,070,145	607,636	462,509	0	0	30,000	20,000	0	10,000	0
3 Local Child Support Agency Basic Costs	870,086	621,438	238,648	10,000	0	840,086	601,438	238,648	0	0	30,000	20,000	0	10,000	0
a Administration	739,658	535,530	194,128	10,000	0	709,658	515,530	194,128	0	0	30,000	20,000	0	10,000	0
b EDP M&O	130,428	85,908	44,520	0	0	130,428	85,908	44,520	0	0	0	0	0	0	0
c Federal Performance Basic Incentives *	0	47,292	-47,292	0	0	0	47,292	-47,292	0	0	0	0	0	0	0
4 Data Reliability Audit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 SDU Implementation LCSA Workload	2,234	1,474	760	0	0	2,234	1,474	760	0	0	0	0	0	0	0
6 EDP Conversion and Enhancements	5,890	0	5,890	0	0	5,890	0	5,890	0	0	0	0	0	0	0
7 Alternative Federal Penalty	218,000	0	218,000	0	0	218,000	0	218,000	0	0	0	0	0	0	0
8 Child Support Assurance Demo Project-Evaluation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Child Support Collection Enhancements	3,935	4,724	-789	0	0	3,935	4,724	-789	0	0	0	0	0	0	0
a Compromise Of Arrears Program (COAP)	945	624	321	0	0	945	624	321	0	0	0	0	0	0	0
b Presumed Income Adjustment	2,990	1,973	1,017	0	0	2,990	1,973	1,017	0	0	0	0	0	0	0
c Federal Incentives Impact	0	2,127	-2,127	0	0	0	2,127	-2,127	0	0	0	0	0	0	0
d Federal Incentives Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Co-Located One Stop For NCP - Kern LCSA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 CHILD SUPPORT AUTOMATION 10.03	177,792	169,652	8,140	0	0	175,961	167,821	8,140	0	0	1,831	1,831	0	0	0
12 California Child Support Automation System - SDU	20,943	13,944	6,999	0	0	20,943	13,944	6,999	0	0	0	0	0	0	0
a State Disbursement Unit - FTB	983	983	0	0	0	983	983	0	0	0	0	0	0	0	0
b State Disbursement Unit - LCSA	295	195	100	0	0	295	195	100	0	0	0	0	0	0	0
c State Disbursement Unit - Service Provider (SP)	19,665	12,766	6,899	0	0	19,665	12,766	6,899	0	0	0	0	0	0	0
13 California Child Support Automation System - CSE	156,849	155,708	1,141	0	0	155,018	153,877	1,141	0	0	1,831	1,831	0	0	0
a Child Support Enforcement - FTB	153,493	153,493	0	0	0	151,662	151,662	0	0	0	1,831	1,831	0	0	0
b Child Support Enforcement - LCSA	3,356	2,215	1,141	0	0	3,356	2,215	1,141	0	0	0	0	0	0	0

**CHILD SUPPORT PROGRAM
REVENUE AND COLLECTIONS COMPARISONS**

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BUDGET YEAR COMPARISONS:

Table 3.	2005-06 May Revise to 2004-05 May Revise.....	May BY – May CY
Table 4.	2005-06 May Revise to 2005-06 Governor's Budget.....	May BY – Gov BY

TABLE NUMBER 1
REVENUE AND COLLECTIONS COMPARISON OF
2004-05 MAY REVISE TO 2004-05 APPROPRIATION
(in thousands)

		2004-05 MAY REVISE					2004-05 APPROPRIATION					DIFFERENCES				
		Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1	CS REVENUES, TRANSFERS AND COLLECTIONS	2,351,331	286,041	313,828	37,362	1,714,100	2,353,807	278,864	317,826	35,899	1,721,218	-2,476	7,177	-3,998	1,463	-7,118
2	CHILD SUPPORT PROGRAM COLLECTIONS	2,368,522	300,232	316,828	37,362	1,714,100	2,369,729	291,927	320,685	35,899	1,721,218	-1,207	8,305	-3,857	1,463	-7,118
3	Child Support Assistance Collections	692,371	300,232	316,828	37,362	37,949	685,346	291,927	320,685	35,899	36,835	7,025	8,305	-3,857	1,463	1,114
4	Basic Collections	612,607	281,047	296,585	34,975	0	560,709	252,458	277,340	30,911	0	51,898	28,589	19,245	4,064	0
5	\$ 50 State Disregard Payments to Families	29,989	0	0	0	29,989	29,521	0	0	0	29,521	468	0	0	0	468
6	Collections for Other States - Assistance	3,983	0	0	0	3,983	4,107	0	0	0	4,107	-124	0	0	0	-124
7	Miscellaneous Collections - Assistance	3,977	0	0	0	3,977	3,207	0	0	0	3,207	770	0	0	0	770
8	FTB NonTax Collections Program	17,932	8,227	8,681	1,024	0	26,600	11,957	13,132	1,511	0	-8,668	-3,730	-4,451	-487	0
	a FIDM	7,094	3,255	3,434	405	0	7,075	3,180	3,493	402	0	19	75	-59	3	0
	b Non-FIDM	10,838	4,972	5,247	619	0	19,525	8,777	9,639	1,109	0	-8,687	-3,805	-4,392	-490	0
9	California Insurance Intercept Project (CIIP)	2,039	936	987	116	0	2,925	1,315	1,444	166	0	-886	-379	-457	-50	0
10	Child Support Collections Enhancements	21,844	10,022	10,575	1,247	0	58,277	26,197	28,769	3,311	0	-36,433	-16,175	-18,194	-2,064	0
	a Compromise Of Arrears Program (COAP)	6,197	2,843	3,000	354	0	38,540	17,324	19,027	2,189	0	-32,343	-14,481	-16,027	-1,835	0
	b Enhanced FIDM	2,048	940	991	117	0	6,138	2,759	3,030	349	0	-4,090	-1,819	-2,039	-232	0
	c Presumed Income Adjustment	10,879	4,991	5,267	621	0	10,879	4,891	5,370	618	0	0	100	-103	3	0
	d Low Income Adjustment	2,720	1,248	1,317	155	0	2,720	1,223	1,342	155	0	0	25	-25	0	0
11	Child Support NonAssistance Collections	1,676,151	0	0	0	1,676,151	1,684,383	0	0	0	1,684,383	-8,232	0	0	0	-8,232
12	Basic Collections	1,515,285	0	0	0	1,515,285	1,524,728	0	0	0	1,524,728	-9,443	0	0	0	-9,443
13	Collections for Other States - NonAssistance	113,239	0	0	0	113,239	121,199	0	0	0	121,199	-7,960	0	0	0	-7,960
14	Miscellaneous Collections - NonAssistance	1,031	0	0	0	1,031	792	0	0	0	792	239	0	0	0	239
15	FTB NonTax Collections Program	41,842	0	0	0	41,842	31,063	0	0	0	31,063	10,779	0	0	0	10,779
	a FIDM	16,554	0	0	0	16,554	8,262	0	0	0	8,262	8,292	0	0	0	8,292
	b Non-FIDM	25,288	0	0	0	25,288	22,801	0	0	0	22,801	2,487	0	0	0	2,487
16	California Insurance Intercept Project (CIIP)	4,754	0	0	0	4,754	6,601	0	0	0	6,601	-1,847	0	0	0	-1,847
17	REVENUES TRANSFERS	-17,191	-14,191	-3,000	0	0	-15,922	-13,063	-2,859	0	0	-1,269	-1,128	-141	0	0
18	Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	-2,859	0	-2,859	0	0	-141	0	-141	0	0
19	Title IV-E Child Support Collections Offset	-14,191	-14,191	0	0	0	-13,063	-13,063	0	0	0	-1,128	-1,128	0	0	0

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

TABLE NUMBER 2
REVENUE AND COLLECTIONS COMPARISON OF
2004-05 MAY REVISE TO 2004-05 NOVEMBER ESTIMATE
(in thousands)

		2004-05 MAY REVISE					2004-05 NOVEMBER ESTIMATE					DIFFERENCES				
		Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1	CS REVENUES, TRANSFERS AND COLLECTIONS	2,351,331	286,041	313,828	37,362	1,714,100	2,363,059	287,978	317,710	37,670	1,719,701	-11,728	-1,937	-3,882	-308	-5,601
2	CHILD SUPPORT PROGRAM COLLECTIONS	2,368,522	300,232	316,828	37,362	1,714,100	2,380,415	302,334	320,710	37,670	1,719,701	-11,893	-2,102	-3,882	-308	-5,601
3	Child Support Assistance Collections	692,371	300,232	316,828	37,362	37,949	698,622	302,334	320,710	37,670	37,908	-6,251	-2,102	-3,882	-308	41
4	Basic Collections	612,607	281,047	296,585	34,975	0	620,625	284,725	300,467	35,433	0	-8,018	-3,678	-3,882	-458	0
5	\$ 50 State Disregard Payments to Families	29,989	0	0	0	29,989	29,989	0	0	0	29,989	0	0	0	0	0
6	Collections for Other States - Assistance	3,983	0	0	0	3,983	3,962	0	0	0	3,962	21	0	0	0	21
7	Miscellaneous Collections - Assistance	3,977	0	0	0	3,977	3,957	0	0	0	3,957	20	0	0	0	20
8	FTB NonTax Collections Program	17,932	8,227	8,681	1,024	0	17,932	8,227	8,681	1,024	0	0	0	0	0	0
	a FIDM	7,094	3,255	3,434	405	0	7,094	3,255	3,434	405	0	0	0	0	0	0
	b Non-FIDM	10,838	4,972	5,247	619	0	10,838	4,972	5,247	619	0	0	0	0	0	0
9	California Insurance Intercept Project (CIIP)	2,039	936	987	116	0	2,039	936	987	116	0	0	0	0	0	0
10	Child Support Collections Enhancements	21,844	10,022	10,575	1,247	0	20,118	8,446	10,575	1,097	0	1,726	1,576	0	150	0
	a Compromise Of Arrears Program (COAP)	6,197	2,843	3,000	354	0	4,471	1,267	3,000	204	0	1,726	1,576	0	150	0
	b Enhanced FIDM	2,048	940	991	117	0	2,048	940	991	117	0	0	0	0	0	0
	c Presumed Income Adjustment	10,879	4,991	5,267	621	0	10,879	4,991	5,267	621	0	0	0	0	0	0
	d Low Income Adjustment	2,720	1,248	1,317	155	0	2,720	1,248	1,317	155	0	0	0	0	0	0
11	Child Support NonAssistance Collections	1,676,151	0	0	0	1,676,151	1,681,793	0	0	0	1,681,793	-5,642	0	0	0	-5,642
12	Basic Collections	1,515,285	0	0	0	1,515,285	1,518,939	0	0	0	1,518,939	-3,654	0	0	0	-3,654
13	Collections for Other States - NonAssistance	113,239	0	0	0	113,239	115,210	0	0	0	115,210	-1,971	0	0	0	-1,971
14	Miscellaneous Collections - NonAssistance	1,031	0	0	0	1,031	1,048	0	0	0	1,048	-17	0	0	0	-17
15	FTB NonTax Collections Program	41,842	0	0	0	41,842	41,842	0	0	0	41,842	0	0	0	0	0
	a FIDM	16,554	0	0	0	16,554	16,554	0	0	0	16,554	0	0	0	0	0
	b Non-FIDM	25,288	0	0	0	25,288	25,288	0	0	0	25,288	0	0	0	0	0
16	California Insurance Intercept Project (CIIP)	4,754	0	0	0	4,754	4,754	0	0	0	4,754	0	0	0	0	0
17	REVENUES TRANSFERS	-17,191	-14,191	-3,000	0	0	-17,356	-14,356	-3,000	0	0	165	165	0	0	0
18	Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	-3,000	0	-3,000	0	0	0	0	0	0	0
19	Title IV-E Child Support Collections Offset	-14,191	-14,191	0	0	0	-14,356	-14,356	0	0	0	165	165	0	0	0

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

TABLE NUMBER 3
REVENUE AND COLLECTIONS COMPARISON OF
2005-06 MAY REVISE TO 2004-05 MAY REVISE
(in thousands)

		2005-06 MAY REVISE					2004-05 MAY REVISE					DIFFERENCES				
		Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1	CS REVENUES, TRANSFERS AND COLLECTIONS	2,445,149	291,936	320,097	38,106	1,795,010	2,351,331	286,041	313,828	37,362	1,714,100	93,818	5,895	6,269	744	80,910
2	CHILD SUPPORT PROGRAM COLLECTIONS	2,462,383	306,170	323,097	38,106	1,795,010	2,368,522	300,232	316,828	37,362	1,714,100	93,861	5,938	6,269	744	80,910
3	Child Support Assistance Collections	706,242	306,170	323,097	38,106	38,869	692,371	300,232	316,828	37,362	37,949	13,871	5,938	6,269	744	920
4	Basic Collections	630,310	289,166	305,154	35,990	0	612,607	281,047	296,585	34,975	0	17,703	8,119	8,569	1,015	0
5	\$ 50 State Disregard Payments to Families	30,587	0	0	0	30,587	29,989	0	0	0	29,989	598	0	0	0	598
6	Collections for Other States - Assistance	4,144	0	0	0	4,144	3,983	0	0	0	3,983	161	0	0	0	161
7	Miscellaneous Collections - Assistance	4,138	0	0	0	4,138	3,977	0	0	0	3,977	161	0	0	0	161
8	FTB NonTax Collections Program	9,122	4,185	4,416	521	0	17,932	8,227	8,681	1,024	0	-8,810	-4,042	-4,265	-503	0
	a FIDM	7,094	3,255	3,434	405	0	7,094	3,255	3,434	405	0	0	0	0	0	0
	b Non-FIDM	2,028	930	982	116	0	10,838	4,972	5,247	619	0	-8,810	-4,042	-4,265	-503	0
9	California Insurance Intercept Project (CIIP)	2,039	936	987	116	0	2,039	936	987	116	0	0	0	0	0	0
10	Child Support Collections Enhancements	25,902	11,883	12,540	1,479	0	21,844	10,022	10,575	1,247	0	4,058	1,861	1,965	232	0
	a Compromise Of Arrears Program (COAP)	10,328	4,738	5,000	590	0	6,197	2,843	3,000	354	0	4,131	1,895	2,000	236	0
	b Enhanced FIDM	1,975	906	956	113	0	2,048	940	991	117	0	-73	-34	-35	-4	0
	c Presumed Income Adjustment	10,879	4,991	5,267	621	0	10,879	4,991	5,267	621	0	0	0	0	0	0
	d Low Income Adjustment	2,720	1,248	1,317	155	0	2,720	1,248	1,317	155	0	0	0	0	0	0
11	Child Support NonAssistance Collections	1,756,141	0	0	0	1,756,141	1,676,151	0	0	0	1,676,151	79,990	0	0	0	79,990
12	Basic Collections	1,605,325	0	0	0	1,605,325	1,515,285	0	0	0	1,515,285	90,040	0	0	0	90,040
13	Collections for Other States - NonAssistance	123,697	0	0	0	123,697	113,239	0	0	0	113,239	10,458	0	0	0	10,458
14	Miscellaneous Collections - NonAssistance	1,079	0	0	0	1,079	1,031	0	0	0	1,031	48	0	0	0	48
15	FTB NonTax Collections Program	21,286	0	0	0	21,286	41,842	0	0	0	41,842	-20,556	0	0	0	-20,556
	a FIDM	16,554	0	0	0	16,554	16,554	0	0	0	16,554	0	0	0	0	0
	b Non-FIDM	4,732	0	0	0	4,732	25,288	0	0	0	25,288	-20,556	0	0	0	-20,556
16	California Insurance Intercept Project (CIIP)	4,754	0	0	0	4,754	4,754	0	0	0	4,754	0	0	0	0	0
17	REVENUES TRANSFERS	-17,234	-14,234	-3,000	0	0	-17,191	-14,191	-3,000	0	0	-43	-43	0	0	0
18	Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	-3,000	0	-3,000	0	0	0	0	0	0	0
19	Title IV-E Child Support Collections Offset	-14,234	-14,234	0	0	0	-14,191	-14,191	0	0	0	-43	-43	0	0	0

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

TABLE NUMBER 4
REVENUE AND COLLECTIONS COMPARISON OF
2005-06 MAY REVISE TO 2005-06 GOVERNOR'S BUDGET
(in thousands)

	2005-06 MAY REVISE					2005-06 GOVERNOR'S BUDGET					DIFFERENCES				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,445,149	291,936	320,097	38,106	1,795,010	2,403,264	297,305	319,431	38,843	1,747,685	41,885	-5,369	666	-737	47,325
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,462,383	306,170	323,097	38,106	1,795,010	2,421,060	312,101	322,431	38,843	1,747,685	41,323	-5,931	666	-737	47,325
3 Child Support Assistance Collections	706,242	306,170	323,097	38,106	38,869	712,039	312,101	322,431	38,843	38,664	-5,797	-5,931	666	-737	205
4 Basic Collections	630,310	289,166	305,154	35,990	0	627,390	287,830	303,742	35,818	0	2,920	1,336	1,412	172	0
5 \$ 50 State Disregard Payments to Families	30,587	0	0	0	30,587	30,587	0	0	0	30,587	0	0	0	0	0
6 Collections for Other States - Assistance	4,144	0	0	0	4,144	4,041	0	0	0	4,041	103	0	0	0	103
7 Miscellaneous Collections - Assistance	4,138	0	0	0	4,138	4,036	0	0	0	4,036	102	0	0	0	102
8 FTB NonTax Collections Program	9,122	4,185	4,416	521	0	10,663	4,892	5,162	609	0	-1,541	-707	-746	-88	0
a FIDM	7,094	3,255	3,434	405	0	7,094	3,255	3,434	405	0	0	0	0	0	0
b Non-FIDM	2,028	930	982	116	0	3,569	1,637	1,728	204	0	-1,541	-707	-746	-88	0
9 California Insurance Intercept Project (CIIP)	2,039	936	987	116	0	2,039	936	987	116	0	0	0	0	0	0
10 Child Support Collections Enhancements	25,902	11,883	12,540	1,479	0	33,283	18,443	12,540	2,300	0	-7,381	-6,560	0	-821	0
a Compromise Of Arrears Program (COAP)	10,328	4,738	5,000	590	0	17,709	11,298	5,000	1,411	0	-7,381	-6,560	0	-821	0
b Enhanced FIDM	1,975	906	956	113	0	1,975	906	956	113	0	0	0	0	0	0
c Presumed Income Adjustment	10,879	4,991	5,267	621	0	10,879	4,991	5,267	621	0	0	0	0	0	0
d Low Income Adjustment	2,720	1,248	1,317	155	0	2,720	1,248	1,317	155	0	0	0	0	0	0
11 Child Support NonAssistance Collections	1,756,141	0	0	0	1,756,141	1,709,021	0	0	0	1,709,021	47,120	0	0	0	47,120
12 Basic Collections	1,605,325	0	0	0	1,605,325	1,557,315	0	0	0	1,557,315	48,010	0	0	0	48,010
13 Collections for Other States - NonAssistance	123,697	0	0	0	123,697	120,970	0	0	0	120,970	2,727	0	0	0	2,727
14 Miscellaneous Collections - NonAssistance	1,079	0	0	0	1,079	1,101	0	0	0	1,101	-22	0	0	0	-22
15 FTB NonTax Collections Program	21,286	0	0	0	21,286	24,881	0	0	0	24,881	-3,595	0	0	0	-3,595
a FIDM	16,554	0	0	0	16,554	16,554	0	0	0	16,554	0	0	0	0	0
b Non-FIDM	4,732	0	0	0	4,732	8,327	0	0	0	8,327	-3,595	0	0	0	-3,595
16 California Insurance Intercept Project (CIIP)	4,754	0	0	0	4,754	4,754	0	0	0	4,754	0	0	0	0	0
17 REVENUES TRANSFERS	-17,234	-14,234	-3,000	0	0	-17,796	-14,796	-3,000	0	0	562	562	0	0	0
18 Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	-3,000	0	-3,000	0	0	0	0	0	0	0
19 Title IV-E Child Support Collections Offset	-14,234	-14,234	0	0	0	-14,796	-14,796	0	0	0	562	562	0	0	0

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

**CHILD SUPPORT PROGRAM
AUXILIARY CHARTS**

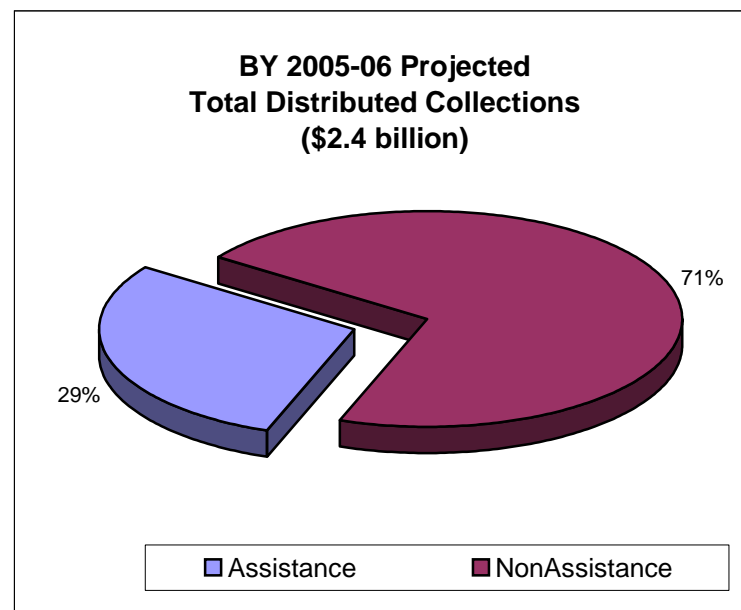
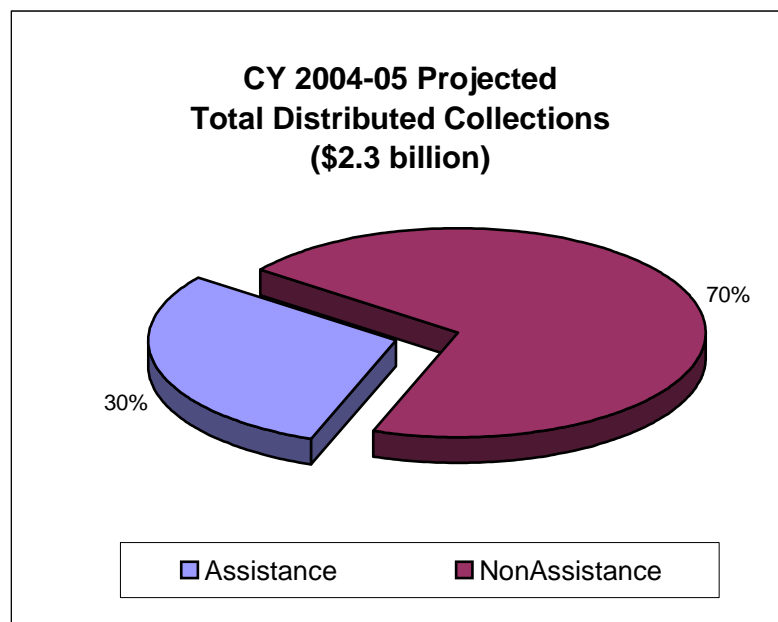
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TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2004-05 and 2005-06

The charts below display California's projected current year (CY) 2004-05 (\$2.3 billion) and budget year (BY) 2005-06 (\$2.4 billion) child support total collections that are distributed to the federal, state and county government as revenue (**Assistance**) and to the families (**NonAssistance**).

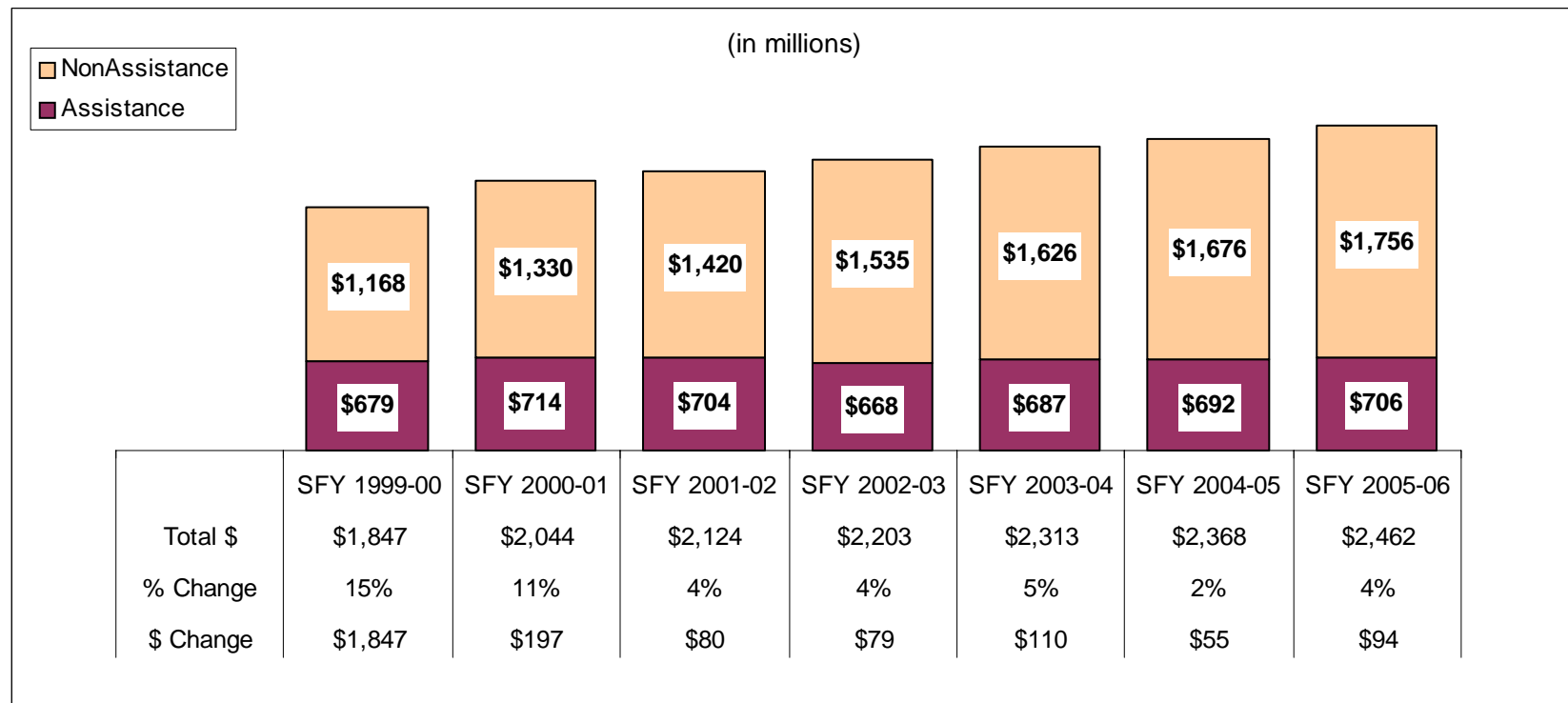
- **Assistance Collections (\$692 million CY, \$706 million BY)** are revenue to government entities which reflects basic collections and other premises. Basic Collections (\$612 million CY, \$630 million BY) are the ongoing efforts of the local child support agencies (LCSA) to collect child support payments from noncustodial parents. Other premises (\$80 million CY, \$76 million BY) are those collections that are associated with new or other enforcement activities that are above the basic ongoing functions of the LCSA, such as Franchise Tax Board Non-Tax Collections, California Insurance Intercept Project, Child Support Collections Enhancements, \$50 Disregard, Collections for Other States, and Medical Support.
- **NonAssistance Collections (\$1.6 billion CY, \$1.8 billion BY)** are collections that are made on behalf of families and sent directly to them. These collections are comprised of Basic Collections (\$1.5 billion CY, \$1.6 billion BY) and Other premises (\$161 million CY, \$151 million BY).



TOTAL DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 1999-00 through 2005-06

Total child support distributed collections have grown from \$1.8 billion in State Fiscal Year (SFY) 1999-00 to a projected level of \$2.4 billion in SFY 2005-06. This represents a 33 percent overall growth rate.

The chart below reflects the actual and projected total distributed collections and the year to year change by state fiscal years.



Source: The collections data for SFY 1999-00 through SFY 2001-02 are from the CS 800 and 820 reports.
The collections data for SFY 2002-03 through SFY 2003-04 are from the CS 34/35 reports.
The SFY 2004-05 and SFY 2005-06 projections are based on the May 2005 Revision trend analysis.

BASIC ASSISTANCE COLLECTIONS FORECAST COMPARISON

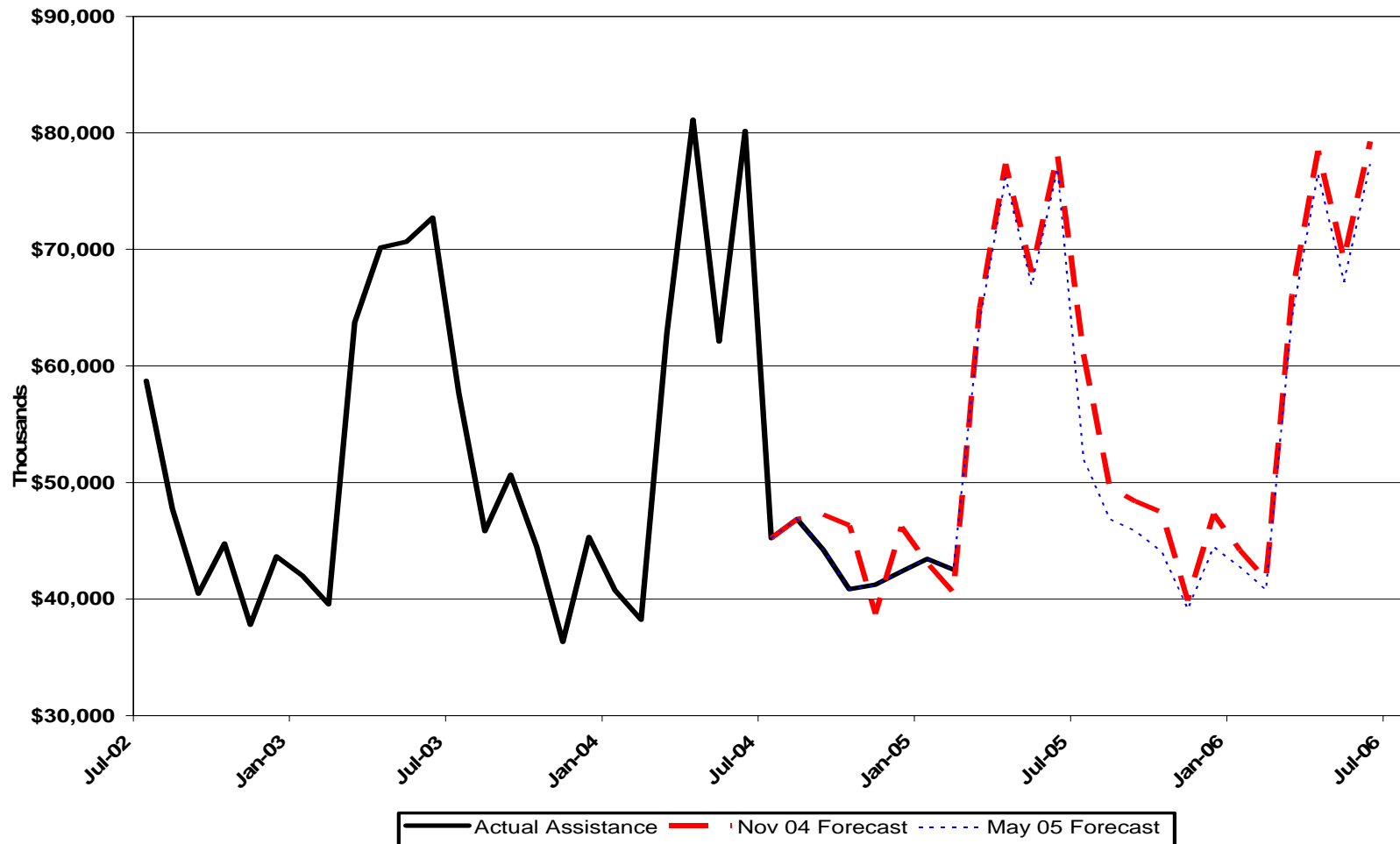
The May 2005 Revision is forecasting a decrease of 2.7% for State Fiscal Year (SFY) 2004-05, and an increase of 0.1% for SFY 2005-06 over SFY 2003-04 actuals.

	SFY 2003-04	Forecast SFY 2004-05	Forecast SFY 2005-06
Actual	\$629,380	-	-
May 2005 Revise	-	\$612,607	\$630,310
November 2004 Subvention	-	\$620,625	\$627,390
Difference from Prior Forecast	-	-1.3%	0.5%

(in thousands)

BASIC ASSISTANCE COLLECTIONS TREND LINE

The May 2005 Revision forecast is based on the most recent 30 months of actual collection data, September 2002 through February 2005. The November 2004 Subvention used 24 months of actual collection data, July 2002 through June 2004.



BASIC NONASSISTANCE COLLECTIONS FORECAST COMPARISON

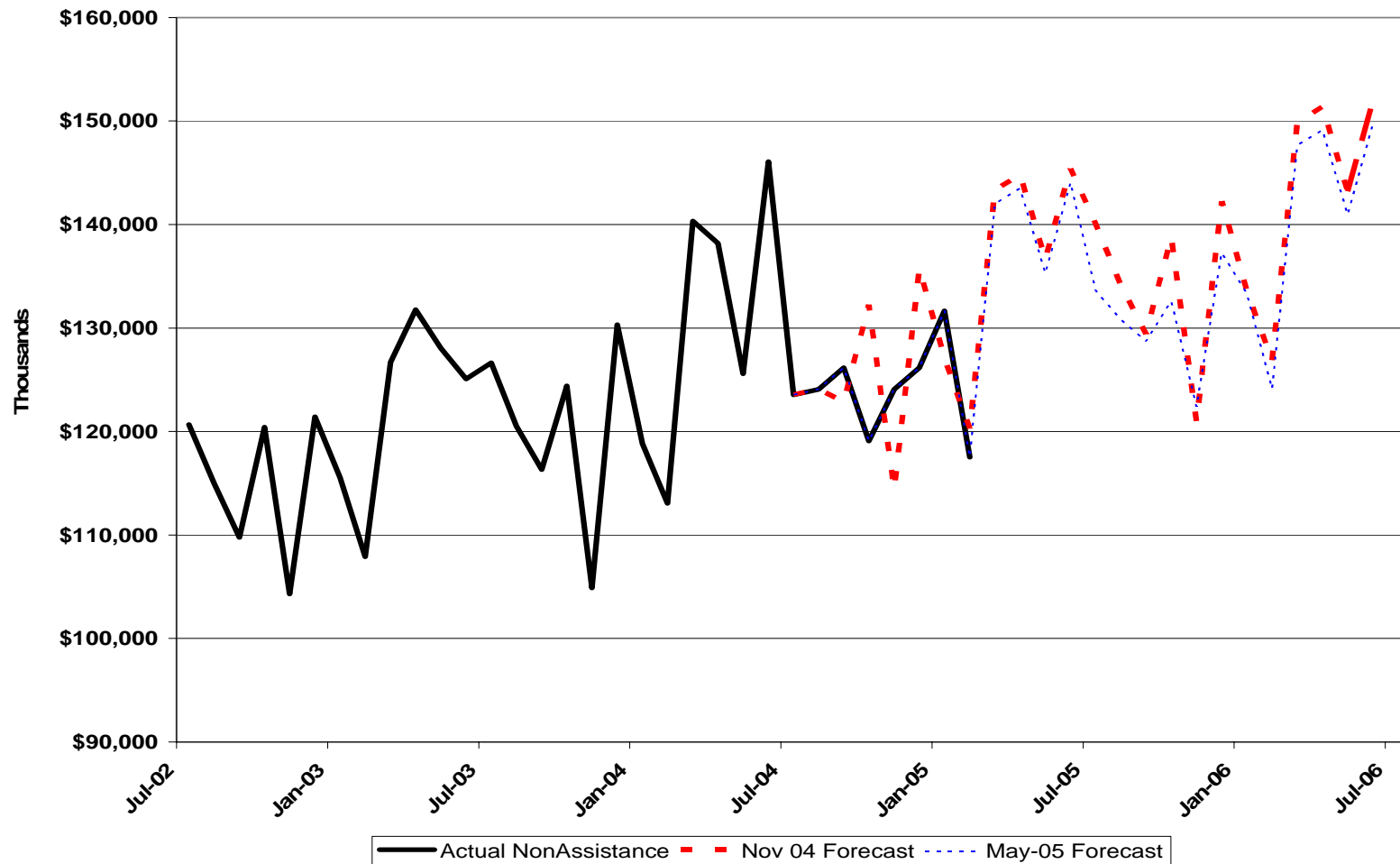
The May 2005 Revision is forecasting an increase of 3.3% for State Fiscal Year (SFY) 2004-05, and an increase of 9.4% for SFY 2005-06 over SFY 2003-04 actuals.

	SFY 2003-04	Forecast SFY 2004-05	Forecast SFY 2005-06
Actual	\$1,467,342	-	-
May 2005 Revision	-	\$1,515,285	\$1,605,325
November 2004 Subvention	-	\$1,518,939	\$1,557,315
Difference from Prior Forecast	-	-0.2%	3.1%

(in thousands)

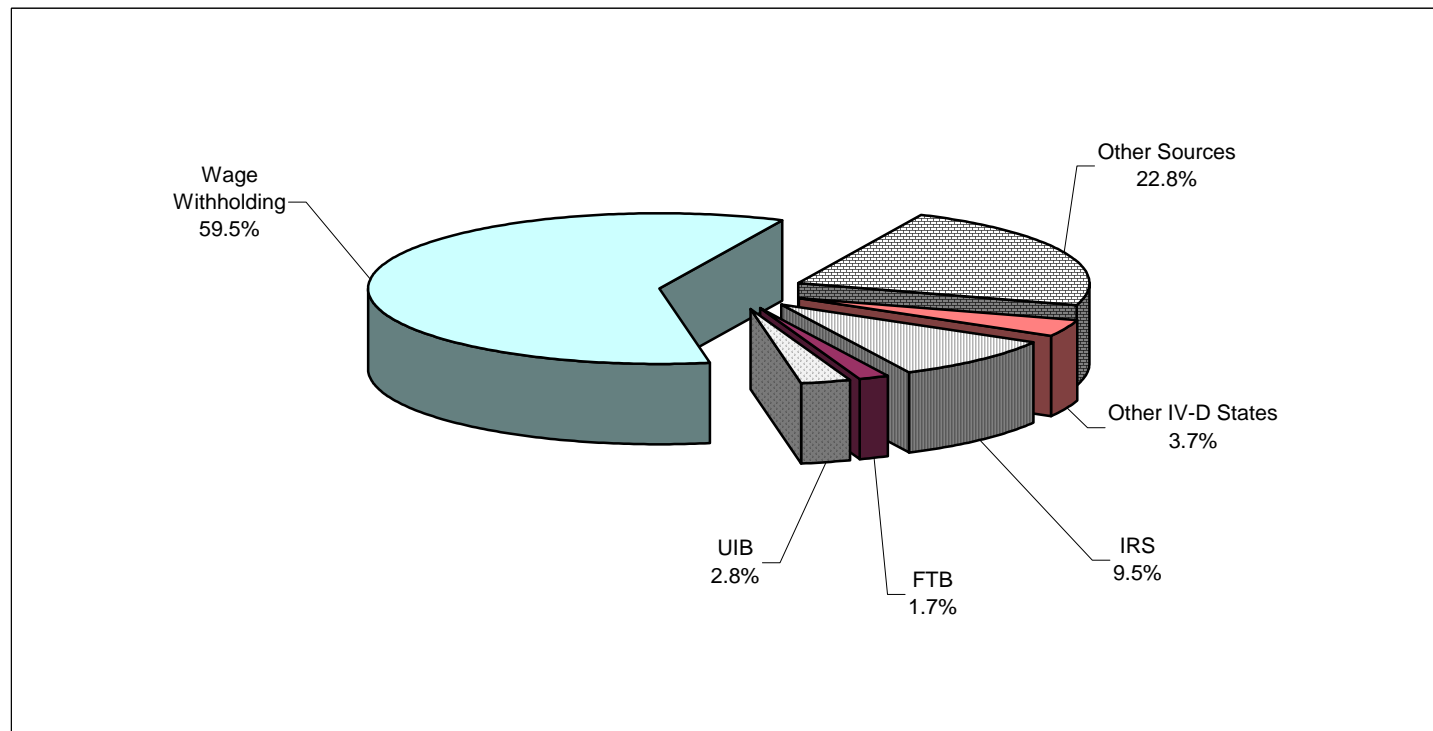
BASIC NONASSISTANCE COLLECTIONS TREND LINE

The May 2005 Revision forecast used the most recent 30 months of actual data, September 2002 through February 2005. The November 2004 Subvention used 24 months of actual collection data, July 2002 through June 2004.



TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR (SFY) 2003-04

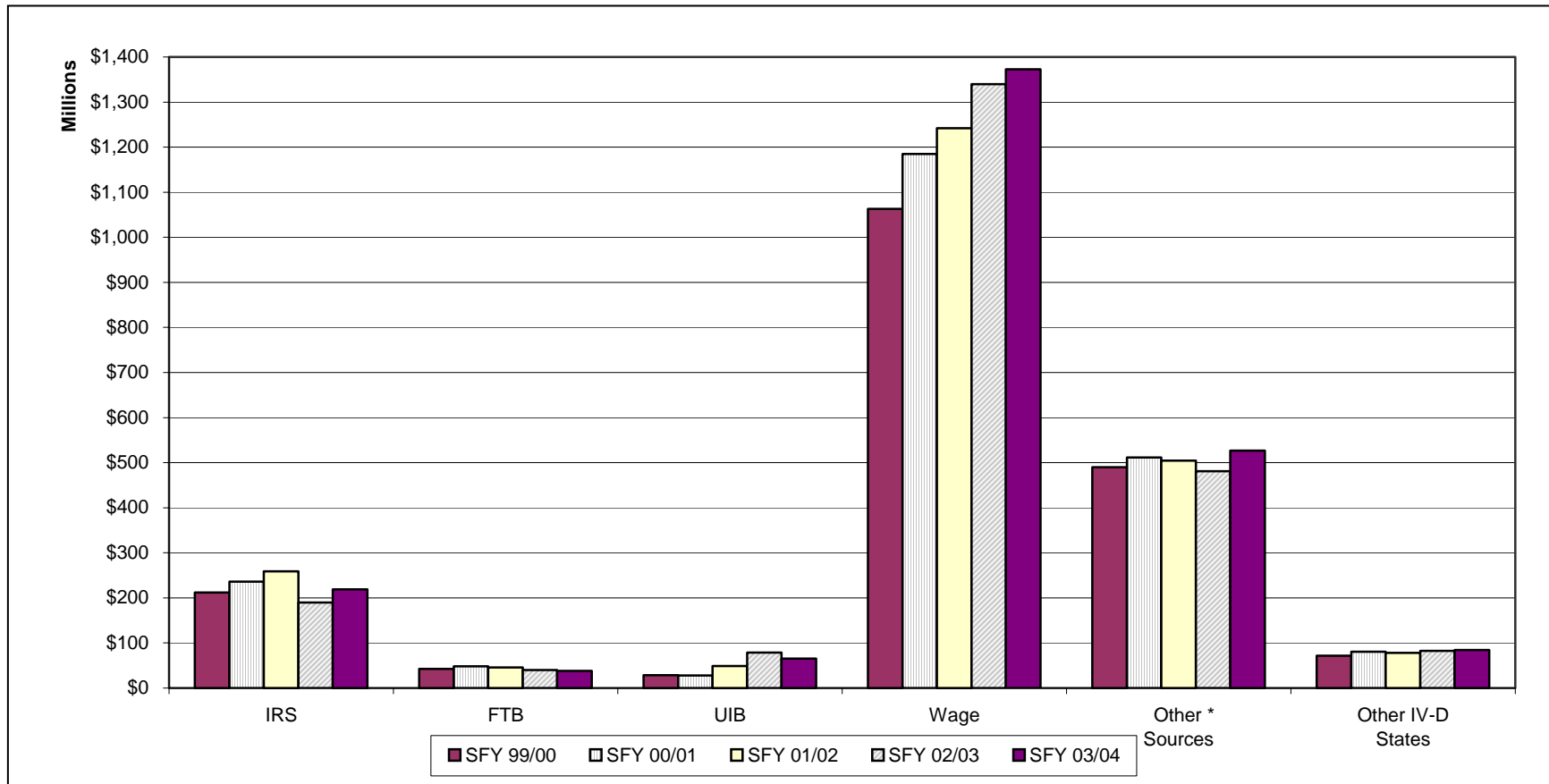
For SFY 2003-04, the total collections received were \$2.3 billion. Wage Withholding continues to be the most effective way of collecting child support at 59.5 percent (\$1.4 billion) of the total collections received. The Internal Revenue Services' (IRS) Federal income tax refund offsets amounted to 9.5 percent (\$219 million), and the Franchise Tax Board's (FTB) State income tax refund offsets amounted to 1.7 percent (\$38 million). The Unemployment Insurance Benefits offsets (UIB) amounted to 2.8 percent (\$65 million), and 3.7 percent (\$84 million) represents the collections received from Other IV-D States. The remaining 22.8 percent (\$527 million) are from all Other Sources received, which includes, but is not limited to, Liens, Worker's Compensation, Disability Insurance Offsets (DIB), and FTB NonTax (w/o wage levies). The FTB wage levies collections are included in Wage Withholding.



Source: Form OCSE-34/35A

HISTORICAL TOTAL COLLECTIONS RECEIVED BY SOURCE

The chart below reflects the Total Collections Received by Source from State Fiscal Year (SFY) 1999-00 through SFY 2003-04. The year-to-year change from SFY 2002-03 to SFY 2003-04 for IRS intercepts had increased (15.1%) and FTB intercepts had declined (4.6%). The UIB intercepts had also declined (17.3 %) during the same time period. Wage Withholdings had increased (2.5%). Other Sources and Other IV-D States had also increased (9.6% and 1.9% respectively).



Source: For SFY 1999-00 thru SFY 2001-02 used reports CS 820 Section A; For SFY 2002-03 and SFY 2003-04 used reports OCSE-34/35A.

* Other Sources includes, but is not limited to, Liens, Worker's Comp., DIB, CIIP, and FTB NonTax (w/o wage levies)

HISTORICAL INCENTIVE PERFORMANCE MEASURES

Federal incentive payments are now based on the state's performance in five measures plus annual data reliability compliance. (See Federal Performance Basic Incentives premise description). The chart below displays the minimum levels a state must meet in each performance measure to receive at least partial incentive payments. It also displays California's performance level from FFY 2001 to FFY 2004.

Performance Measure	Federal Minimum Performance Level	FFY 2001 California Performance Level	FFY 2002 California Performance Level	FFY 2003 California Performance Level	FFY 2004 California Preliminary Performance Level
Paternity establishment percentage (IV-D caseload), or	50.0%	NA	NA	NA	NA
Paternity establishment percentage (statewide PEP)	50.0%	139.6% ^{1/}	108.7%	105.9%	117.8%
Percent of cases with orders	50.0%	71.9%	77.5%	76.3%	78.1%
Percent of current support collected	40.0%	41.0%	42.4%	45.2%	48.0%
Percent of cases with arrearage collections	40.0%	56.3%	54.9%	55.4%	54.9%
Cost-effectiveness	\$2.00	\$2.61	\$1.91 ^{2/}	\$2.31	\$2.12

Source: From OCSE 157 Child Support Enforcement Annual Statistical Report.

^{1/} California did not earn incentives for paternity establishment in FFY 2001 because the data was determined unreliable based on the federal Data Reliability Audit.

^{2/} California did not earn incentives for cost effectiveness in FFY 2002 because it was below the federal minimum performance level.

ALTERNATIVE FEDERAL PENALTY

The chart below reflects the alternative federal penalty amount paid from Federal Fiscal Year (FFY) 1998 through FFY 2004 to the federal government as a result of not having in place a single statewide automated child support system. The estimated FFY 2005 and FFY 2006 penalty amounts are based on the May 2005 Revision.

Federal Fiscal Year	State Fiscal Year	Penalty Rate	Federal Share of Admin Cost		Penalty Amount	Cumulative Penalty
1998 ^{1/}	1997-98	4%	299,101,576	actual	11,964,063	11,964,063
1999 ^{1/}	1998-99	8%	336,853,927	actual	26,948,314	38,912,377
2000	1999-00	16%	406,251,058	actual	65,000,169	103,912,546
2001	2000-01	25%	443,987,454	actual	110,996,864	214,909,410
2002	2001-02	30%	524,839,706	actual	157,451,912	372,361,322
2003	2002-03	30%	632,054,354	actual	189,616,306	561,977,628
2004	2003-04	30%	640,234,774	actual	192,070,432	754,048,060
2005 ^{2/}	2004-05	30%	727,000,000	estimate	218,000,000	972,048,060
2006 ^{3/}	2005-06	30%	743,500,000	estimate	223,000,000	1,195,048,060

^{1/} California paid FFY 1998 and FFY 1999 penalty in SFY 1999-00, once the federal government determined the final amounts.

^{2/} The federal government allowed the State to defer the FFY 2005 penalty payment until September 2005, which is in SFY 2005-06.

^{3/} The federal government is allowing the State to defer the FFY 2006 penalty payment until September 2006, which is in SFY 2006-07.

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Local Child Support Agency Basic Costs

DESCRIPTION:

This premise reflects funding for the local child support agency (LCSA) basic costs. LCSA basic costs are comprised of two components, LCSA Administrative costs and LCSA Electronic Data Processing (EDP) maintenance and operation (M&O). The LCSA's receive separate allocations for each component. LCSA Administrative costs include salaries and benefits of county staff and operating costs. The LCSA staff carry out the Child Support Enforcement (CSE) Program under Title IV-D of the Social Security Act. Their administrative duties include case intake, collection and distribution of child support, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents.

The LCSA EDP M&O costs include direct personnel and contract services, and recurring and non-recurring costs that enable the LCSA's to maintain their interim automated system and to continue their work in collecting child support in their respective counties. All EDP M&O costs reflect the most recent Advance Planning Document Update (APDU).

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17704(b), FC Section 17710(a), and Welfare and Institution (W&I) Code Section 10085(a).
- The LCSAs nonfederal share of Administrative costs is adjusted by the level of federal basic incentives estimated in State Fiscal Year (SFY) 2004-05 and SFY 2005-06.

METHODOLOGY:

Administration:

- For SFY 2004-05, the LCSAs Basic Administrative Cost is \$739,637,000, which includes an increase of \$30,000,000 to provide for rising county costs of doing business. This is comprised of \$20,000,000 Federal Financial Participation (FFP) and \$10,000,000 in county matching funds. There is no increase to the State General Fund (SGF).
- Also, in SFY 2004-05, \$21,000 is redirected from LCSA Administrative FFP and SGF for Kern County to provide the required matching funds for the Co-Located One-Stop for Noncustodial (NCP) demonstration project. For further details see the Co-Located One-Stop for NCP premise.
- For SFY 2005-06, the LCSA Basic Administrative Costs is \$739,658,000, which also includes the \$30,000,000 increase comprised of \$20,000,000 FFP and \$10,000,000 county match funds. There is no impact to the SGF. Since the Co-Located One-Stop for NCP project in Kern County ends in SFY 2004-05, the \$21,000 will be restored in the SFY 2005-06 Basic Administrative Costs.

Local Child Support Agency Basic Costs

METHODOLOGY (continued):

EDP M&O:

- The LCSAs' EDP M&O costs for SFY 2004-05 is \$124,406,000, and \$130,428,000 for SFY 2005-06 which reflects the costs included in the most recent annual APDU.
- In addition, SFY 2004-05 includes \$440,000 SGF and SFY 2005-06 includes \$264,000 SGF to backfill FFP for LCSAs/consortia hardware equipment depreciation costs in accordance with the Office of Management and Budget (OMB) Circular A-87 regulations. The SGF will be reimbursed over the next five years with Title IV-D FFP.

Basic Costs:

- The combined total of Administrative and EDP M&O costs for SFY 2004-05 is \$864,043,000 and for SFY 2005-06 is \$870,086,000.

FUNDING:

- Funding for this premise consists of 34 percent SGF and federal incentives, and 66 percent FFP matching funds.

CHANGE FROM NOVEMBER:

For SFY 2004-05, the increase is a result of the additional \$20 million FFP, and \$10 million county match funds.

For SFY 2005-06, the increase is a result of the additional \$20 million FFP, and \$10 million county match funds.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase is due to updating EDP M&O cost based on the most recent APDU, and the expiration of the Co-Located One-Stop for NCP Program whose funds were redirected back to the Basic Administrative Costs expenditure line.

Local Child Support Agency Basic Costs

EXPENDITURES:

(in 000's)

	2004-05	2005-06
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$864,043	\$870,086
Federal	617,261	621,438
State	236,782	238,648
County	10,000	10,000
Reimbursements	0	0

Federal Performance Basic Incentives

DESCRIPTION:

This premise reflects the Federal Performance Basic Incentives. Pursuant to Public Law (PL) 105-200, the Child Support Performance and Incentive Act of 1998, effective October 1, 1999, the federal incentives that are passed-on to California LCSAs are based on the five performance measures and the Data Reliability Audit (DRA) compliance. (See the Historical Incentive Performance Measures auxiliary chart).

IMPLEMENTATION DATE:

The federal performance incentive methodology was implemented October 1, 1999 and phase in over 3 years.

KEY DATE/ASSUMPTIONS:

- Authorizing statute: FC Section 17704, PL 105-200.
- The federal government pays incentives based on PL 105-200 using the following criteria:
 1. The State's Collection Base

The federal incentive methodology gives a weight of two for all distributed collections made in current and former assistance cases and adds never assistance collections to make up the state's collection base. Federal Fiscal Year (FFY) distributed collections were used from the CSE Program Quarterly Report of Collections (OCSE 34) reports. The formula is as follows:

$$2 \times (\text{Current Support Collections} + \text{Former Assistance Collections}) + \text{Never Assistance Collections} = \text{the State Collection Base}$$

The state's incentive amount earned is based on the calculation of each performance measure level multiplied against the state's collection base.

2. Performance Factors

The federal incentive methodology considers program performance in five areas to determine each performance level:

- Paternity Established (Statewide PEP) =
 $\text{Out of Wedlock Children w/Paternity} \div \text{Total Out of Wedlock Children, Last FY}$
- Support Orders Established =
 $\text{Total Cases w/Support Orders} \div \text{Total Number of Cases}$
- Current Support Collected =
 $\text{Total Current Support Collected} \div \text{Total Current Support Owed}$

(The above three performance factors may each earn up to a performance level of 1.00 percent of the collection base).

Federal Performance Basic Incentives

KEY DATA/ASSUMPTIONS (continued):

- Cases Paying on Arrears =
Total Cases Paying Arrears ÷ Cases with Total Arrears Due
- Cost-Effectiveness =
Total Collections ÷ Total Expenditures

(The above two performance factors may each earn up to a performance level of 0.75 percent of the collection base).

3. Data Reliability Audit

The five performance measures data that the states report annually are required to be determined complete and reliable through an audit. Failure to meet the data reliability standard in a given performance measure by a state would result in a reduction of federal incentives and potential performance penalty.

4. The Incentive Base Amount

Each performance level is multiplied by the collection base for each performance factor which results in an incentive base amount.

5. Comparison with Other States

The estimated maximum base for California is divided by the estimated maximum base for all states to determine California's share of the available federal incentive pool.

6. The Available Federal Incentive Pool

PL 105-200 established a set pool of available incentive funds for each FFY through FFY 2008. After FFY 2008, the available pool of federal incentive funds will be determined using the Consumer Price Index. Following are the statutorily set pool amounts for each federal fiscal year:

• FFY 2000	\$422,000,000	• FFY 2005	\$446,000,000
• FFY 2001	\$429,000,000	• FFY 2006	\$458,000,000
• FFY 2002	\$450,000,000	• FFY 2007	\$471,000,000
• FFY 2003	\$461,000,000	• FFY 2008	\$483,000,000
• FFY 2004	\$454,000,000		

7. Determining the States Incentive Entitlement

California's percentage of the available pool, as determined in number 5, is multiplied by the available federal incentive pool to determine California's entitlement to federal incentives.

Federal Performance Basic Incentives

METHODOLOGY:

- The federal incentives are estimated using the methodology under PL 105-200. Based on the most recent information available, it is estimated that California will be entitled to \$47,220,000 federal incentives in SFY 2004-05 and \$47,292,000 in SFY 2005-06.

FUNDING:

- The amount of \$47,220,000 federal incentives earned for SFY 2004-05 and \$47,292,000 federal incentives earned for SFY 2005-06 reduces the local child support agencies Basic Administrative SGF need by these same amounts. In addition, each \$1 of federal incentives can be matched with \$2 of federal funds for a total of \$138,882,000 in SFY 2004-05 and \$139,094,000 in SFY 2005-06.

CHANGE FROM NOVEMBER:

For SFY 2004-05 and SFY 2005-06, there are no changes.

REASON FOR YEAR-TO-YEAR CHANGE:

For SFY 2005-06, the federal incentives slightly increased due to the slight increase of the state's collections base.

EXPENDITURES:

(in 000's)

	2004-05*	2005-06*
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$0	\$0
Federal	47,220	47,292
State	-47,220	-47,292
County	0	0
Reimbursements	0	0

* The federal incentives are reflected as a non-add premise line, Federal Performance Basic Incentives, for display purposes only. The funds are reflected within the federal share of the Local Child Support Agency Basic Costs premise line.

SDU Implementation LCSA Workload

DESCRIPTION:

This premise reflects the net costs for the new child support enforcement collection activities and distribution functions required at the LCSA level due to implementation of the State Disbursement Unit (SDU). These costs include transition induced workload, such as misdirected payments and customer services calls; trust fund reconciliation; and new non IV-D case conversions.

Current funding for the Los Angeles collection and disbursement processing contract will continue to be funded within the LCSA Basic Administrative Costs until Los Angeles transitions to the SDU.

IMPLEMENTATION DATE:

This premise will be implemented in SFY 2005-06.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 10080 and FC Section 17309.
- To determine the statewide LCSA cost impact several LCSAs were surveyed.

METHODOLOGY:

- Cost was determined from surveying several LCSAs.

FUNDING:

- Funding for this premise consists of 66 percent federal funds, and 34 percent SGF.

CHANGE FROM NOVEMBER:

For SFY 2004-05 and SFY 2005-06, there are no changes.

REASON FOR YEAR-TO-YEAR CHANGE:

This new premise will be implemented in SFY 2005-06.

SDU Implementation LCSA Workload

EXPENDITURES:

(in 000's)

	2004-05	2005-06
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$0	\$2,234
Federal	0	1,474
State	0	760
County	0	0
Reimbursements	0	0

EDP Conversion and Enhancements

DESCRIPTION:

The California Department of Child Support Services (DCSS) Pre-Statewide Interim Systems Management (PRISM) project, is responsible for ensuring all LCSAs have an automation system that will allow them to continue their child support services while the single statewide child support automation system is being developed and implemented, known as California Child Support Automation System (CCSAS).

DCSS was established in January 2000, and assumed the responsibility for reducing the number of LCSAs interim automation systems from over 30 to six consolidated consortia systems, and now further converting to two consortia systems: ACSES Replacement System (ARS), and Computer Assisted Support Enforcement System (CASES).

DCSS is charged with continuing to monitor maintenance and operations, and directing enhancements to the remaining consortia systems. This premise reflects costs to modify ARS and CASES consortia systems to meet Federal and State regulatory, policy, and reporting requirements for Version 1 of CCSAS.

IMPLEMENTATION DATE:

This premise was implemented April 1, 1998.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 10085.

Conversions

- Based on the September 2004 As Needed APDU, DCSS is scheduled to complete the conversion of the KIDZ and Support through Automated Resources/Keeping Integrated Data on System (STAR/KIDS) LCSA members to the CASES consortium by the beginning of SFY 2005-06. Now that DCSS has begun the CCSAS project, the PRISM and CCSAS costs have been combined into one APDU. Therefore, the conversion costs for KIDZ and STAR/KIDS will continue to be reflected in the CCSAS-CSE premise. Once these conversion efforts have been completed, the two remaining federally approved interim CSE systems will be ARS and CASES.

Enhancements

- Enhancements needed for State mandates, and other business needs, are included in this premise. The total funding request are for the ARS and CASES modifications equaling \$15,984,000 for SFY 2004-05 and the remaining costs of \$5,890,000 for SFY 2005-06.

METHODOLOGY:

- The costs are based on the most recent annual APDU.

EDP Conversion and Enhancements

FUNDING:

- Costs for this premise is 100 percent SGF. The Administration for Children and Families (ACF) will not participate in the share of costs.

CHANGE FROM NOVEMBER:

For SFY 2004-05 savings from ARS modification are included.

For SFY 2005-06, there are no changes.

REASON FOR YEAR-TO-YEAR CHANGE:

The decrease is due to the completion of the ARS/CASES modifications.

EXPENDITURES:

(in 000's)

	2004-05	2005-06
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$15,984	\$5,890
Federal	0	0
State	\$15,984	5,890
County	0	0
Reimbursements	0	0

Alternative Federal Penalty

DESCRIPTION:

This premise reflects the alternative federal penalty for failure to have in place by October 1, 1997 a single statewide automated child support system as required by federal law. California's Statewide Automated Child Support System (SACSS) effort was unsuccessful and was terminated in late 1997. As a result, California has been subject to federal fiscal penalties beginning in FFY 1998.

Pursuant to PL 105-200, the Child Support Performance and Incentive Act of 1998, allows the Secretary of the Department of Health and Human Services to waive current penalties and impose an alternative penalty if states have made good faith efforts to meet the federal automation requirements. California is operating under the alternative penalty structure. The penalty amounts were four percent of federal CSE Program administrative funds for FFY 1998, eight percent for FFY 1999, 16 percent for FFY 2000, 25 percent for FFY 2001, and 30 percent for FFY 2002 and each subsequent year, until the requirements are met.

IMPLEMENTATION DATE:

This premise was implemented in SFY 1999-00.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 10088(a).
- The FFY 2005 federal penalty imposed is based on 30 percent of the estimated FFY 2004 federal administrative expenditures (\$727,000,000).
- On May 13, 2004, the ACF approved the request that allowed the State to defer the FFY 2005 penalty payment from SFY 2004-05 to September 2005, which is in SFY 2005-06.
- The FFY 2006 federal penalty imposed is based on 30 percent of the estimated FFY 2005 federal administrative expenditures (\$743,500,000), which includes the estimated FFY 2005 CCSAS costs. On March 25, 2005, the ACF approved the request that allowed the State to defer the FFY 2006 penalty payment from SFY 2005-06 to September 2006, which is in SFY 2006-07.

METHODOLOGY:

- The SFY 2004-05 cost estimated to be \$218,000,000 reflects the federal penalty for FFY 2005. This cost was calculated by using the projected FFY 2004 federal expenditure of \$720,000,000. This was then multiplied by the penalty rate of 30 percent. This payment is being deferred until September 2005.

Alternative Federal Penalty

METHODOLOGY (continued):

- The SFY 2005-06 cost is estimated to be \$223,000,000 which reflects the federal penalty for FFY 2006. This cost was calculated by adding FFY 2005 CCSAS costs to FFY 2004 expenditures resulting in an estimated FFY 2005 federal expenditure of \$740,892,000. This was then multiplied by the penalty rate of 30 percent. This payment is being deferred until September 2006.

FUNDING:

- The federal penalty costs are funded with 100 percent SGF.

CHANGE FROM NOVEMBER:

For SFY 2004-05 and SFY 2005-06 there are no changes.

REASON FOR YEAR-TO-YEAR CHANGE:

The penalty payment for SFY 2004-05 has been deferred to SFY 2005-06.

EXPENDITURES:

(in 000's)

	2004-05	2005-06
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$0	\$218,000
Federal	0	0
State	0	218,000
County	0	0
Reimbursements	0	0

Child Support Assurance Demonstration Project Evaluation

DESCRIPTION:

This premise requests the reimbursement authority to fund the costs associated with the evaluation contract for the Child Support Assurance (CSA) Demonstration Project, which is budgeted at California Department of Social Services (CDSS) within their Temporary Assistance for Needy Families (TANF) Pass-Through to Other State Agencies premise.

Effective January 1, 2001, DCSS assumed responsibility for the CSA evaluation. The Legislature transferred the CSA Demonstration Project to DCSS pursuant to FC Section 17211.

The CSA Demonstration Project tests the idea of providing families, who have child support orders, a guaranteed, minimum monthly child support payment. This project will jointly operate in San Francisco's LCSA and San Francisco Health and Human Services Agency for a three-year implementation. The evaluation will determine if CSA is an effective means to increase the number of families who become economically self-sufficient as a viable financial alternative program to welfare and has the potential to become a statewide program.

IMPLEMENTATION DATE:

This premise was to be implemented January 1, 2005, but will be discontinued due to other program priorities.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Sections 18241 through 18247, and FC Section 17211.

METHODOLOGY:

- The funding level is based on the proposed budget as submitted by the contractor.

FUNDING:

- The cost is 100 percent reimbursed by CDSS.

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

Child Support Assurance Demonstration Project Evaluation

EXPENDITURES:

(in 000's)

	2004-05	2005-06
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$0	\$0
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	0

Child Support Collection Enhancements (Administration)

DESCRIPTION:

Pursuant to Assembly Bill (AB) 1752 (Chapter 225, Statutes of 2003) the Legislature adopted four proposals to enhance child support collections. The proposals included (1) establishment of the Compromise of Arrears Program (COAP) by DCSS to compromise arrears and interest owed as reimbursement for public assistance; (2) enhancement of the Financial Institution Data Match (FIDM) program to include cases with active wage assignments and simplification of the process to liquidate securities held by financial institutions; (3) changes to the Low-Income Adjustment to the child support guideline; and (4) reduction of the Presumed Income level used to establish a support order when no other income information is available from the Minimum Basic Standard of Adequate Care to minimum wage.

This premise provides funds to LCSAs for the activities associated with COAP and changes to the Presumed Income level. The additional 66 percent federal share of administrative cost for the Enhanced FIDM program through Franchise Tax Board (FTB) is reflected in the DCSS state operations budget.

Due to the extensive activity involved in developing COAP, the statewide program implementation date has been delayed. In the meantime, an Interim (I)-COAP process was implemented in January 2004. I-COAP allows a compromise of arrears in arrears only cases in exchange for a single lump sum payment. Also, a pilot program of COAP has been implemented January 2004 in five LCSAs: Amador, San Diego, Santa Cruz/San Benito, Solano, and Sonoma.

IMPLEMENTATION DATE:

This premise was implemented on August 11, 2003 as urgency legislation. The COAP will sunset on January 1, 2007.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 17560.

COAP

- Assume 10,250 applications received based on Collectibility Study Report of 840,000 debtors, 28 percent have 72 percent of the debt, and 5 percent is the targeted population ($840,000 * 28\% * 5\% = 12,000$) less 1,750 applications processed at the State level.
- Assume out of the 10,250 applications that 7,250 are processed by the LCSA staff and requires four hours case review.

Child Support Collection Enhancements (Administration)

KEY DATA/ASSUMPTIONS (continued):

- Assume remaining 3,000 applications require two hours LCSAs case review for applications processed by the Community Based Organization (CBO).
- Assume reduction of 25 percent on case reviews due to existing activities.
- Assume \$36 an average hourly cost for a fully loaded caseworker (includes all operating costs, direct services and administration).

Presumed Income Adjustment

- Assume 64,905 cases paid and require review. This assumes that 50 percent of the 1,434,766 cases with support orders established (CS 157 Report, 12/02) were post-1997 established (when presumed income began), 70 percent of those cases were established by default, 47 percent of those default cases used presumed income, 50 percent of those cases would not be set aside because they had a collection over one year ago, and the 55 percent of the remaining cases a payment would be received and reviewed by an LCSA staff ($1,434,766 * 50\% * 70\% * 47\% * 50\% * 55\% = 64,905$).
- Assume one half hour review time at \$17.72 per case based on a LCSA caseworker hourly wage.
- Assume 40 percent of the cases reviewed would qualify to be filed in court for set aside ($64,905 * 40\% = 25,962$).
- Assume two hours to file at \$70.87 per case based on a LCSA caseworker hourly wage.

Low Income Adjustment

- DCSS assumes that the Administrative costs for Low Income Adjustments are included in the case review process for Presumed Income.

Federal Incentives Impact

- Assume performance level in current support payments and arrears support payments would improve as a result of this premise.

METHODOLOGY

COAP

- Applied four hours of review to the 7,250 applications processed by the LCSA staff and two hours of review to the 3,000 applications processed by the CBO resulting in 35,000 hours of case review, which was reduced by 25 percent due to existing collections activities. The net hours of review (26,250) was multiplied by the average hourly caseworker cost of \$36 resulting in a total cost of \$945,000 for both SFY 2004-05 and SFY 2005-06.

Child Support Collection Enhancements (Administration)

METHODOLOGY (continued):

Enhanced FIDM

- Enhanced FIDM administration federal share of costs are reflected in the DCSS state operations budget and the 34 percent SGF share of costs are reflected in the FTB state operations budget.

Presumed Income Adjustment

- Applied the half-hourly wage of \$17.72 to the 64,905 cases that would be reviewed by LCSA caseworkers resulting in a cost of \$1,150,000. In addition, 40 percent of those cases (25,962) would require two additional hours of LCSA caseworker review at \$70.87 to file in court for set aside. This would result in additional costs of \$1,840,000. The combined total cost is \$2,990,000 for both SFY 2004-05 and SFY 2005-06.

Federal Incentives Impact

- For SFY 2004-05, the estimated federal incentives (\$5,563,000) was reduced by \$3,769,000, which results in a net amount of \$1,794,000. The reductions were due to delays in implementation of Enhanced FIDM and COAP.
- For SFY 2005-06, the estimated federal incentives is \$2,127,000.

FUNDING:

- The administration costs are funded with 66 percent FFP and 34 percent SGF.

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in SFY 2005-06 is due to the expectation of increased federal incentives as a result of COAP being fully implemented.

Child Support Collection Enhancements (Administration)

EXPENDITURES:

(in 000's)

	2004-05	2005-06
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$166	\$3,935
Federal	4,391	4,724
State	-4,225	-789
County	0	0
Reimbursements	0	0

Co-Located One Stop for NCP

DESCRIPTION:

This premise reflects the funds for the Co-Located One Stop for NCP Demonstration Project in Kern County. The demonstration project is a collaborative effort between Kern County Employers' Training Resource, and local community and faith-based organizations to provide comprehensive assistance to parents in obtaining and retaining sustainable employment and supporting their children. In addition to job training and job search assistance, this project provides parents with parenting classes and mentoring assistance.

IMPLEMENTATION DATE:

This premise was implemented September 2003.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 11477.
- This 17-month demonstration project (September 30, 2003 through February 28, 2005) was approved for a no cost extension to December 31, 2005.
- For SFY 2003-04, the FFP of the project cost was \$38,455, \$16,896 for the Section 1115 grant and \$2,913 for the SGF, a total of \$58,264.
- For SFY 2004-05, the FFP of the remaining project cost is \$98,098, \$43,104 for the Section 1115 grant and \$7,432 for SGF, a total of \$148,634.

METHODOLOGY:

- The ACF approval letter, dated September 17, 2003.

FUNDING:

- The cost is funded 66 percent federal Title IV-D funds, 29 percent federal Section 1115 grant, and 5 percent SGF. The federal Title IV-D funds and SGF are being redirected from Kern County's basic administrative funding.

CHANGE FROM NOVEMBER:

For SFY 2004-05 and SFY 2005-06, there are no changes.

For SFY 2005-06, there is no change.

Co-Located One Stop for NCP

REASON FOR YEAR-TO-YEAR CHANGE:

Kern county will expend most if not all of the funds in SFY 2004-05. There are no costs in SFY 2005-06.

EXPENDITURES:

(in 000's)

	2004-05	2005-06
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$148	\$0
Federal	141	0
State	7	0
County	0	0
Reimbursements	0	0

California Child Support Automation System - SDU

DESCRIPTION:

DCSS is responsible for overseeing the development and implementation of the CCSAS and the related SDU. The SDU is one of two components of the single statewide child support system. The CSE component provides the case management system for the statewide automated system. The SDU complements the CSE component by providing services to collect and bank child support obligation payments for both the IV-D and Non IV-D populations, and to prepare collection payment transactions for processing by the CSE system.

Pursuant to AB 150 (Chapter 479, Statutes of 1999) FTB is charged with procuring the CCSAS-SDU. This premise provides the funds necessary to support the SDU Service Provider (SP), contract, and the LCSA staff who are assigned full-time to the CCSAS-SDU project as subject matter experts (SME) on collections and disbursements, and as technical staff for the planning and implementation, and the procurement activities of FTB. The SGF match is budgeted in FTB.

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 10080 and FC Section 17309.
- The pass-through to FTB includes costs for FTB staff.
- There are two LCSA SMEs for the collection and distribution activities and one technical staff for the planning and implementation.
- Reflects costs for the SP contract to develop, implement, and perform statewide collection & distribution activities.

METHODOLOGY:

- Resource estimates are based on workload required to support the planning activities for the procurement and the implementation of the CCSAS-SDU.
- SP costs are based on the most recent SDU Feasibility Study Report (FSR) and Economic Analysis Worksheet (EAW).

FUNDING:

- The Title IV-D federal funds pass through to FTB for CCSAS-SDU represents 66 percent funding for project planning costs.
- The funds to support LCSAs staff and SP contract are funded 66 percent federal funds, and 34 percent SGF.

California Child Support Automation System - SDU

CHANGE FROM NOVEMBER:

For SFY 2004-05 and SFY 2005-06, there are no changes.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase is due to the contract costs in SFY 2005-06.

In addition, SGF increased for activities on pre-1994 non-IV-D cases because ACF will not participate in cost.

EXPENDITURES:

(in 000's)

	2004-05	2005-06
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$1,113	\$20,943
Federal	1,013	13,944
State	100	6,999
County	0	0
Reimbursements	0	0

California Child Support Automation System - CSE

DESCRIPTION:

Pursuant to W&I Code Section 10080(b)(3), FTB has been designated, as the agent for the DCSS project owner, as the entity responsible for the procurement, development, implementation, and maintenance of the single statewide automated system in accordance with the state's child support (Title IV-D) plan.

This premise reflects the federal funds pursuant to AB 150 (Chapter 479, Statutes of 1999) as a pass through to the FTB for the development and implementation of the CCSAS- CSE component. DCSS is the single state agency for the Title IV-D funds; therefore, federal funds for CCSAS are budgeted by DCSS and passed through as a reimbursement to FTB. The SGF match is budgeted by FTB.

In addition, this premise reflects the federal funds and SGF to backfill LCSA staff who are assigned full-time to the CCSAS project as SMEs for child support program business practices and CSE system functionality.

This premise also provides the federal funds and SGF for the KIDZ and STAR/KIDS conversions to CASES and the associated post-bridge activities.

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 10080.
- The pass-through to FTB includes costs for FTB staff as well as the Business Partner (BP), IBM Alliance, contract cost.
- DCSS has contracted with LCSAs to provide SMEs on site full-time in Sacramento to support the CCSAS CSE project, and have SMEs available for consultation throughout the life of the project.
- The post-bridge conversion activities includes establishing the LCSA CASES Host Environments, incorporating the LCSAs into CASES processes and procedures, providing technical support for local system configuration, and loading converted data.

METHODOLOGY:

- This premise reflects the most recent submitted APDU, FSR, and EAW report.

California Child Support Automation System - CSE

FUNDING:

- The Title IV-D federal funds passed through to FTB for CCSAS-CSE represent 66 percent funding for project implementation costs.
- The KIDZ and STAR/KIDS conversion costs to CASES consortia are funded at 100 percent SGF because those LCSAs have previously received federal funds for one non-statewide system conversion effort.
- The post conversion costs for eleven LCSAs are funded at 100 percent SGF, and the remaining three LCSAs are funded 66 percent federal funds and 34 percent SGF.
- The funding required to support the intermittent use of LCSA SMEs are funded 66 percent federal funds and 34 percent SGF.

CHANGE FROM NOVEMBER:

For SFY 2004-05, the federal funds are decreasing with a corresponding increase to SFY 2005-06 due to the deferral of the BP payment for the delay of San Bernardino LCSA conversion, and the deferral of payment for the purchase of software licenses.

REASON FOR YEAR-TO-YEAR CHANGE:

For SFY 2005-06, the increase is due to the BP costs according to the most recent payment schedule and APDU.

EXPENDITURES:

(in 000's)

	2004-05	2005-06
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$109,867	\$156,849
Federal	99,714	\$155,708
State	10,153	1,141
County	0	0
Reimbursements	0	0

Child Support Collections Recovery Fund

DESCRIPTION:

This premise reflects the estimated federal share of Title IV-A child support collections, which are utilized to fund the federal share of local assistance administrative funds to LCSAs.

The Child Support Collections Recovery Fund (CSCRF) includes Title IV-A and Title IV-E child support collections. The Title IV-E share of the CSCRF is reflected in the CDSS local assistance budget.

IMPLEMENTATION DATE:

This premise was implemented July 2001.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 17702.5.

METHODOLOGY:

- For SFY 2004-05, the CSCRF (\$286,041,000) are based on the estimated sum of the federal share of child support assistance collections (\$303,232,000) less the estimated sum of the federal share of foster care (FC) collections (\$14,191,000).
- For SFY 2005-06, the CSCRF (\$291,936,000) are based on the estimated sum of the federal share of child support assistance collections (\$306,170,000) less the estimated sum of the federal share of FC collections (\$14,234,000).

FUNDING:

- This premise is funded as the federal share of the Title IV-A child support collections in the Child Support Revenues, Transfers and Collections tables.

CHANGE FROM NOVEMBER:

For SFY 2004-05 the increase is due to the technical correction to the formula calculating the Federal share of collections for the COAP estimate within the Child Support Collection Enhancements premise.

For SFY 2005-06 the decrease is due the technical correction to the formula calculating the Federal share of collections for the COAP estimate within the portion of Child Support Collection Enhancements premise.

Child Support Collections Recovery Fund

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in SFY 2005-06 is due to the projected growth in assistance collections.

REVENUES:

(in 000's)

	2004-05 <u>Revenues</u>	2005-06 <u>Revenues</u>
Total	\$286,041	\$291, 936
Federal	286,041	291, 936
State	0	0
County	0	0
Reimbursements	0	0

Child Support Program – Basic Collections

DESCRIPTION:

This premise reflects the various sources of basic distributed child support collections that go directly to families. In addition, it reflects the amount of revenue collected on behalf of federal, state, or county government for the recoupment of past welfare costs.

Basic collections represent the ongoing efforts of the LCSA to collect child support payments from non-custodial parents and distribute those payments directly to families or to government to repay past welfare costs. Besides child support payment data, significant factors that affect basic collections include minimum awards, wage assignments, and intercepts. The FTB non-tax collections and the \$50 State Disregard Payments to Families are reflected as separate premises.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 11477.
- The child support payment data for assistance and nonassistance collections are based on the LCSAs' CS 34 Monthly Report of Collections and Distributions, and the CS 35 Supplement to Monthly Report of Collections and Distribution beginning September 2002 through February 2005.
- Assumes assistance collections are 30 percent and nonassistance collections are 70 percent of total collections.
- The child support collections to other states and miscellaneous collections data are based on the LCSAs' SFY 2003-04 actual data. The data is reported monthly on the CS 34 and the CS 35 Reports.

METHODOLOGY:

- Assistance actual distributed collections are reported monthly on the CS 34/35 Reports. \$50 Disregard payments to families are reported on the monthly CS 35 Reports. These were used to construct a 30 month trend from September 2002 through February 2005. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Nonassistance actual distributed collections are reported monthly on the CS 34/35 Reports. Actuals from the September 2002 through February 2005 CS 34/35 Reports were used to construct a 30 month trend. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.

Child Support Program – Basic Collections

METHODOLOGY (continued):

- Assistance Collections for Other States are reported on the CS34/35 Reports. For SFY 2004-05 and SFY 2005-06, the trend forecasts growth of assistance collections were applied to the SFY 2003-04 actuals to arrive at \$3,983,000 in SFY 2004-05 and \$4,114,000 for SFY 2005-06.
- Nonassistance Collections for Other States are reported on the CS 34/35 Reports. For SFY 2004-05 and SFY 2005-06, the trend forecasts growth of nonassistance collections were applied to the SFY 2003-04 actuals to arrive at \$113,239,000 in SFY 2004-05 and \$123,697,000 for SFY 2005-06.
- Assistance Miscellaneous Collections consists of Assistance Medical Support, Pass-On, and Excess Collections. Pass-On and Excess Collections are reported on the CS 35 reports. Medical Support is reported on the CS 34 reports. For SFY 2004-05 and SFY 2005-06, the trend forecasts growth of assistance collections were applied to SFY 2003-04 actuals to arrive at Miscellaneous Assistance collections for SFY 2004-05 of \$3,977,000 and \$4,138,000 for SFY 2005-06.
- The Nonassistance Miscellaneous Collections consist of Nonassistance Medical Support which is reported on the CS 34 report. For SFY 2004-05 and SFY 2005-06, the trend forecasts growth of nonassistance collections were applied to the SFY 2003-04 actuals to arrive at Miscellaneous Collections for SFY 2004-05 of \$1,031,000 and \$1,079,000 for SFY 2005-06.

FUNDING:

- Collections made on behalf of nonassistance families are forwarded directly to custodial parents.
- Collections made on behalf of other states are forwarded directly to other states for distribution.
- Collections for assistance families are retained and serve as recoupment of past welfare costs.

Child Support Program – Basic Collections

FUNDING (continued):

The assistance collections are shared based on the Federal Medical Assistance Percentage (FMAP) and the nonfederal sharing ratios. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2004 – June 2006	<u>ASSISTANCE</u> <u>Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	47.50%	State	95.00%
County	2.50%	County	5.00%
<u>FOSTER CARE:</u>	July 2004 – June 2006	<u>FOSTER CARE</u> <u>Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	20.00%	State	40.00%
County	30.00%	County	60.00%
<u>KinGAP:</u>	July 2004 – July 2006	<u>KinGAP</u> <u>Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	25.00%	State	50.00%
County	25.00%	County	50.00%

CHANGE FROM NOVEMBER:

The November 2004 Estimate was based on 24 months of trend data, July 2002 through June 2004. The May 2005 Revision was based on 30 months of trend data, September 2002 through February 2005. Using the most recent 30 months of trend data resulted in a decrease of projected collections for SFY 2004-05 and an increase in SFY 2005-06.

REASON FOR YEAR-TO-YEAR CHANGE:

The SFY 2005-06 increase is due to the overall projected growth in assistance and nonassistance collections based on historical trend.

Child Support Program – Basic Collections

COLLECTIONS:

(in 000's)

	2004-05 <u>Collections</u>	2005-06 <u>Collections</u>
Assistance Total	\$612,607	\$630,310
Federal	281,047	289,166
State	296,585	305,154
County	34,975	35,990
Other	0	0
-Nonassistance	1,515,285	1,605,325
Collections For Other States		
- Assistance	3,983	4,144
- Nonassistance	113,239	123,697
Miscellaneous Collections		
- Assistance	3,977	4,138
- Nonassistance	1,031	1,079
Grand Total ^{1/}	\$2,250,122	\$2,368,693

^{1/} Grand Total does not include FTB Non-Tax Collections, \$50 Disregard, or other collections described in separate premise items.

\$50 State Disregard Payment to Families

DESCRIPTION:

This premise reflects the funds for the \$50 state disregard payments to families.

In addition to the California Work Opportunity and Responsibility to Kids (CalWORKs) grant, custodial parents also receive the first \$50 of the current month's child support payment collected from the absent parent. Under the provision of PL 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, the federal government discontinued FFP in the disregard payment to the family as of October 1, 1996. Forwarding the disregard portion of the collection to the family instead of retaining it as revenue to the State results in reduced collection revenues.

IMPLEMENTATION DATE:

This premise was implemented in SFY 1984-85.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 17504.
- The child support payment data are based on the LCSA's monthly CS 35 reports, Assistance Related Distribution/Disbursement Summary beginning with July 2002 through June 2004.

METHODOLOGY:

- The cost of the current \$50 disregard is reported monthly on the CS 35 reports. The disregard is paid when the current monthly child support collection is distributed.
- The forecast was generated utilizing 24 months of data from the CS 35 reports, from July 2002 through June 2004.
- The cost is counted toward the State's TANF maintenance of effort (MOE) requirement.

FUNDING:

- The reduced collection revenues associated with the \$50 disregard are 100 percent SGF.
- The costs are reflected in CDSS budget as additional TANF/MOE expenditures.
- Costs are reflected in DCSS collections table as Other to display amount of collections that are paid to the families.

\$50 State Disregard Payment to Families

CHANGE FROM NOVEMBER:

For SFY 2004-05 and SFY 2005-06, the November 2004 Estimate was retained for the May 2005 Revision. Recent collection data has not significantly changed.

REASON FOR YEAR-TO-YEAR CHANGE:

The slight increase reflects current trends in the \$50 disregard payments.

COLLECTIONS:

(in 000's)

	2004-05	2005-06
	<u>Collections</u>	<u>Collections</u>
Total	\$29,989	\$30,587
Federal	0	0
State	0	0
County	0	0
Other	29,989	30,587

Franchise Tax Board Non-Tax Collections Program

DESCRIPTION:

This premise reflects the non-tax collections obtained by the FTB resulting from the collections from cases that are delinquent in child support payments by 60 days pursuant to Senate Bill (SB) 542 (Chapter 480, Statutes of 1999), effective January 1, 2000. AB 3589 (Chapter 1223, Statutes of 1992) implemented the project. The FTB sends demand for payment notices and processes bank, wage and miscellaneous levies on accounts for child support collections based on county referrals.

In addition, AB 702 (Chapter 697, Statutes of 1997) required a data match between the FTB and financial institutions doing business in the State. It's purpose was to discover and levy otherwise unknown assets of delinquent child support obligors. The data match was required by federal mandate, PL 104-193, the PRWORA of 1996.

FTB program costs are funded through the Department's state operations at 66 percent federal financial participation and 34 percent SGF and are passed on to FTB through an interagency agreement.

IMPLEMENTATION DATE:

March 1, 1993 – Non-Financial Institution Data Match (Non-FIDM)

July 1, 1998 – FIDM

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 17501; Revenue and Taxation Code Sections 19271.5(a) and 19271.6.
- The estimated collections were provided by FTB based on prior actual experience. The Non-FIDM estimate was reduced in SFY 2005-06 to reflect the updated assumption regarding FTB activities for demand and wage withholdings.
- In the November 2004 Subvention, the assistance and nonassistance distribution ratios were changed from FTB historical collections data (46.13/53.87 percent) to DCSS SFY 2003-04 CS 34 Reports Monthly Report of collections and Distributions, and CS 35 Supplement to Monthly Report of Collections and Distribution data (30/70 percent).

FIDM Collections

- Collections are based on data provided by FTB as a result of banks and other financial institutions' participation.

Franchise Tax Board Non-Tax Collections Program

KEY DATA/ASSUMPTIONS (continued):

Non-FIDM Collections

- Collections are based on demands, bank levies, wage levies, out-of-state referral notices, and out-of-state contract collections provided by FTB.

METHODOLOGY:

FIDM Collections

- The estimated collections for FIDM are \$23,649,000 for SFY 2004-05 and for SFY 2005-06.
- For SFY 2004-05 and SFY 2005-06 FIDM (\$23,649,000) was multiplied by the assistance ratio of 30 percent resulting in an assistance collection amount of \$7,094,000. The collection amount (\$23,649,000) was multiplied by the nonassistance ratio of 70 percent resulting in an nonassistance collection amount of \$16,554,000

Non-FIDM Collections

- The sum total of all the actions for Non-FIDM estimated collections is \$36,125,000 for SFY 2004-05 and \$6,759,000 for SFY 2005-06.
- For SFY 2004-05, the non-FIDM collections (\$36,125,000) was multiplied by the assistance ratio of 30 percent resulting in an assistance collection amount of \$10,838,000. The remaining 70 percent are estimated nonassistance collections of \$25,288,000.
- For SFY 2005-06, the non-FIDM collections (\$6,759,000) was multiplied by the assistance ratio of 30 percent resulting in an assistance collection amount of \$2,028,000. The remaining 70 percent are estimated nonassistance collections of \$4,731,000.

Net Collections

- For SFY 2004-05, the combined total of assistance non-FIDM collections (\$10,838,000), and FIDM collections (\$7,094,000) totals \$17,932,000. The nonassistance non-FIDM collections (\$25,288,000), and FIDM (\$16,554,000) totals \$41,842,000.
- For SFY 2005-06, the combined total of assistance non-FIDM collections (\$2,028,000), and FIDM (\$7,094,000) totals \$9,122,000. The nonassistance non-FIDM collections (\$4,732,000), and FIDM (\$16,554,000) totals \$21,286,000.

Franchise Tax Board Non-Tax Collections Program

FUNDING:

The assistance collections are shared based on the FMAP. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2004 – June 2006	<u>ASSISTANCE</u> <u>Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	47.50%	State	95.00%
County	2.50%	County	5.00%

<u>FOSTER CARE:</u>	July 2004 – June 2006	<u>FOSTER CARE</u> <u>Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	20.00%	State	40.00%
County	30.00%	County	60.00%

<u>KinGAP:</u>	July 2004 – July 2006	<u>KinGAP</u> <u>Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	25.00%	State	50.00%
County	25.00%	County	50.00%

CHANGE FROM NOVEMBER:

For SFY 2004-05, there is no change.

For SFY 2005-06, the decrease is due to FTB discontinuing the activities on sending demands for payment notices and wage withholdings effective July 2005, rather than September 2005.

Franchise Tax Board Non-Tax Collections Program

REASON FOR YEAR-TO-YEAR CHANGE:

The decrease in SFY 2005-06 is due to FTB discontinuing the activities of demands and wage withholdings effective July 2005.

COLLECTIONS:

(in 000's)

	2004-05	2005-06
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$17,932	\$9,122
Federal	8,227	4,185
State	8,681	4,416
County	1,024	521
Other	0	0
Non-Assistance	41,842	21,286
Combined Total	\$59,774	\$30,408

California Insurance Intercept Project Collections

DESCRIPTION:

This premise reflects the increased child support collections through the California Insurance Intercept Project (CIIP). CIIP is an enforcement tool to intercept personal injury claims for past due child support obligations. Electronic matching between DCSS' caseload and participating insurance companies occurs through the Child Support Lien Network (CSLN).

The CSLN was developed by the state of Rhode Island and sponsored by ACF. CSLN is the only third party personal injury intercept program available today.

IMPLEMENTATION DATE:

This premise was implemented December 2002.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Sections 5246 and 17522; and Code of Civil Procedure Section 708.140.
- The average claim amount per intercept (\$2,100) was based on information from Maximus.
- The number of cases (666,934) submitted is based on DCSS' Integrated Data Base (IDB).
- The number of actual claims captured on the CSLN report is 6,470.
- The 30 percent for assistance collections is based on the LCSA's monthly CS 34/35 Reports for SFY 2003-04.
- The 70 percent for nonassistance collections is based on the LCSA's monthly CS 34/35 Reports for SFY 2003-04.
- The 50 percent is the maximum percentage California can collect on wage assignments.

METHODOLOGY:

- For SFY 2004-05, the claims received (6,470) were multiplied by the average intercept claim of \$2,100 (\$13,587,000). Applied 50 percent for wage assignment which brings the total collections received to \$6,793,500.

California Insurance Intercept Project Collections

METHODOLOGY (continued):

- The total collection amount was multiplied by the assistance ratio of 30 percent resulting in an assistance collection amount of \$2,039,409. The total collection amount was also multiplied by the nonassistance ratio of 70 percent resulting in a nonassistance collection amount of \$4,754,091.
- For SFY 2005-06, the assistance and nonassistance collections were held flat at the SFY 2004-05 level.

FUNDING:

The assistance collections are shared based on the FMAP. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2004 – June 2006	<u>ASSISTANCE Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	47.50%	State	95.00%
County	2.50%	County	5.00%

<u>FOSTER CARE:</u>	July 2004 – June 2006	<u>FOSTER CARE Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	20.00%	State	40.00%
County	30.00%	County	60.00%

<u>KinGAP:</u>	July 2004 – July 2006	<u>KinGAP Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	25.00%	State	50.00%
County	25.00%	County	50.00%

CHANGE FROM NOVEMBER:

For SFY 2004-05 and SFY 2005-06, there are no changes.

California Insurance Intercept Project Collections

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

COLLECTIONS:

(in 000's)

	2004-05 <u>Collections</u>	2005-06 <u>Collections</u>
Assistance Total	\$2,039	\$2,039
Federal	936	936
State	987	987
County	116	116
Other	0	0
Non-Assistance	\$4,754	\$4,754
Combined Total	\$6,793	\$6,793

Child Support Collection Enhancements (Collections)

DESCRIPTION:

Pursuant to AB 1752 (Chapter 225, Statutes of 2003) the Legislature adopted four proposals to enhance child support collections. The proposals included (1) establishment of COAP by DCSS to compromise arrears and interest owed as reimbursement for public assistance; (2) enhancement of the FIDM program to include cases with active wage assignments and simplification of the process to liquidate securities held by financial institutions; (3) changes to the Low-Income Adjustment to the child support guideline; and (4) reduction of the Presumed Income level used to establish a support order when no other income information is available from the Minimum Basic Standard of Adequate Care to minimum wage.

This premise reflects the child support collections resulting from the COAP, Enhanced FIDM program, Low-Income Adjustment program, and the Presumed Income program.

Due to the extensive activity involved in developing COAP, the statewide program implementation date has been delayed. In the meantime, an I-COAP process was implemented in January 2004. I-COAP allows a compromise of arrears in arrears only cases in exchange for a single lump sum payment. Also, a pilot program of COAP has been implemented January 2004, in five LCSAs: Amador, San Diego, Santa Cruz/San Benito, Solano, and Sonoma.

IMPLEMENTATION DATE:

This premise was implemented on August 11, 2003 as urgency legislation. The COAP will sunset on January 1, 2007.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 17560.

COAP

- Due to delayed implementation, SFY 2004-05 reflects I-COAP collections and COAP will be implemented July 2005.
- Assume one third of collections will be paid in a lump sum payment, one third of collections will be paid over 24 months, and the remaining third of collections will be paid over 36 months.

Enhanced FIDM

- Due to delayed implementation in SFY 2004-05, assume collections from Enhanced FIDM for seven months of backlog cases. For SFY 2005-06, five months of backlog cases and seven months of ongoing cases.

Child Support Collection Enhancements (Collections)

KEY DATA/ASSUMPTIONS (continued):

Presumed Income Adjustment & Low Income Adjustment

- DCSS assumes collecting 60 percent of Current Support due of 20 percent of Default Cases with Presumed Income collected of which 33 percent are Assistance Collections. Of the Assistance Collections, 80 percent are assumed Presumed Income Adjustment and 20 percent are assumed Low Income Adjustments.

METHODOLOGY

COAP

- DCSS assumes \$10 billion child support arrears owed to Government of which approximately \$6.2 million (\$3.0 million SGF) will be collected in SFY 2004-05 and \$10.3 million (\$5.0 million SGF) in SFY 2005-06.

Enhanced FIDM

- Enhanced FIDM collections were based on previous experience with the existing FIDM program. Implementation was delayed, resulting in seven months of collections for SFY 2004-05 and 12 months of collections for SFY 2005-06. It is assumed that \$2.0 million (\$1.0 million SGF) will be collected for both SFY 2004-05 and SFY 2005-06.

Presumed Income Adjustment

- DCSS assumes collecting 60 percent of Current Support Due (\$240) of 20 percent of Default Cases (118,010) with Presumed Income collected of which 33 percent are Assistance collections, \$13.6 million (\$6.3 million SGF) and 80 percent are Presumed Income Adjustment \$10.9 million (\$5.3 million SGF) for both SFY 2004-05 and SFY 2005-06.

Low Income Adjustment

- DCSS assumes collecting 60 percent of Current Support Due (\$240) of 20 percent of Default Cases (118,010) with Presumed Income collected of which 33 percent are Assistance collections, \$13.6 million (\$6.3 million SGF) and 20 percent are Low Income Adjustment, \$2.7 million (\$1.3 million SGF) for both SFY 2004-05 and SFY 2005-06.

Child Support Collection Enhancements (Collections)

FUNDING:

The assistance collections are shared based on the FMAP. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2004 – June 2006	<u>ASSISTANCE Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	47.50%	State	95.00%
County	2.50%	County	5.00%

<u>FOSTER CARE:</u>	July 2004 – June 2006	<u>FOSTER CARE Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	20.00%	State	40.00%
County	30.00%	County	60.00%

<u>KinGAP:</u>	July 2004 – July 2006	<u>KinGAP Nonfederal:</u>	July 2004 – June 2006
Federal	50.00%	Federal	0.00%
State	25.00%	State	50.00%
County	25.00%	County	50.00%

CHANGE FROM NOVEMBER:

For SFY 2004-05 and SFY 2005-06, the estimates were updated for COAP for a technical correction to the formula calculating the federal and county share of collections. There is no change to the SGF.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in collections is due to full implementation of COAP in SFY 2005-06.

Child Support Collection Enhancements (Collections)

REVENUES:

(in 000's)

	2004-05 <u>Revenues</u>	2005-06 <u>Revenues</u>
Total	\$21,844	\$25,902
Federal	10,022	11,883
State	10,575	12,540
County	1,247	1,479
Reimbursements	0	0

Foster Parent Training Fund Transfer

DESCRIPTION:

This premise reflects the Foster Parent Training Fund Transfer. W&I Code Section 903.7(b) provides that the difference between the net state share of the estimated child support FC collections and the base level of the FC estimated state share of total child support collections be transferred to the Foster Children and Parent Training Fund but not to exceed \$3.0 million.

The program is administered by the community colleges, in consultation with the California State Foster Parents Association and CDSS.

IMPLEMENTATION DATE:

This premise was implemented July 1, 1981.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 903.7(b).
- The FC estimated state share of collections, based on the sum of the estimated state share of basic assistance distributed collections and the state share of all of the child support assistance collections premises, is \$14,144,000 for SFY 2004-05, and \$14,220,000 for SFY 2005-06.
- The FC estimated state share of incentives is \$5,356,000 for SFY 2004-05, and \$5,525,000 for SFY 2005-06.
- The FC state share of collections base level cannot exceed \$3,750,000 each year based on the W&I Code Section 903.7(b).
- Effective SFY 2002-03, the amount to be transferred to the Foster Children and Parent Training Fund in a state fiscal year will not exceed \$3.0 million pursuant to AB 444 (Chapter 1022, Statutes of 2002).

METHODOLOGY:

- The Foster Parent Training Fund Transfer estimate is the difference between the net state share of the estimated FC collections and the base level of the FC estimated state share of total collections. The total estimated state share of FC collections is \$14,144,000 for SFY 2004-05, and \$14,220,000 for SFY 2005-06.

Foster Parent Training Fund Transfer

METHODOLOGY (continued):

- For SFY 2004-05, the net state share of FC collections, which is \$8,788,000, is the result of deducting the estimated state share-of FC incentives, which is \$5,356,000 from the estimated state share of total FC collections. The base level of \$3,750,000 is then subtracted from the net share of FC collections to identify the amounts eligible for transfer to the Foster Parent Training Fund which is \$5,038,000. Since the amount transferred in a state fiscal year cannot exceed \$3 million, only \$3 million will be transferred.
- For SFY 2005-06, the net state share of FC collections, which is \$8,992,000, is the result of deducting the estimated state share of FC incentives, which is \$5,525,000 from the estimated state share of total FC collections. The base level of \$3,750,000 is then subtracted from the net share of FC collections to identify the amounts eligible for transfer to the Foster Parent Training Fund which is \$5,242,000. Since the amount transferred in a state fiscal year cannot exceed \$3 million, only \$3 million will be transferred.

FUNDING:

- The amount transferred to the Foster Children and Parent Training Fund is derived from the state share of FC collections which is 100 percent SGF.

CHANGE FROM NOVEMBER:

For SFY 2004-05 and SFY 2005-06, there is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

REVENUES:

(in 000's)

	2004-05 <u>Revenues</u>	2005-06 <u>Revenues</u>
Total	-\$3,000	-\$3,000
Federal	0	0
State	-3,000	-3,000
County	0	0
Reimbursements	0	0

Title IV-E Child Support Collections Offset

DESCRIPTION:

This premise reflects the estimated federal share (Title IV-E) of FC child support collections as determined by DCSS. DCSS is responsible for remitting to CSCRF the federal share of FC collections as reported to the federal government. The FC child support collections offset the Title IV-E share of FC expenditures.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2000.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Social Security Act section 457 (6)(e)(1).
- It is assumed that 7.48 percent of the total assistance child support distributed collections are FC collections and 57.28 percent of the FC collections are federally eligible. This is based on actual updated collection data reported on the CS 34 and 35 Reports, Summary Reports of Child and Spousal Support Payments for July 2003 through June 2004.
- Effective October 1, 2003, both the current and former Title IV-E Child Support Collections reduce the federal share of FC expenditures at DCSS based on federal Office of Child Support Enforcement Action Transmittal letter 03-04, dated September 26, 2003.
- The FMAP rate is assumed to be 50 percent for the period of July 1, 2004 through June 30, 2006.

METHODOLOGY:

- For SFY 2004-05, the FC share of collections percentage (7.48 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 57.28 percent for each premise. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$14,191,000.
- For SFY 2005-06, the FC share of collections percentage (7.48 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 57.28 percent for each premise. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$14,234,000.

FUNDING:

- This premise identifies the Title IV-E funds as remitted to the CSCRF.

Title IV-E Child Support Collections Offset

CHANGE FROM NOVEMBER:

For SFY 2004-05 and SFY 2005-06, the offset decreased slightly as a result of a technical correction on the calculation of the federal share of collections for the Compromise of Arrearage Program.

REASON FOR YEAR-TO-YEAR CHANGE:

The slight increase in SFY 2005-06 reflects the forecasted increase in FC collections.

REVENUES:

(in 000's)

	2004-05	2005-06
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$14,191	\$-14,234
Federal	-14,191	-14,234
State	0	0
County	0	0
Reimbursements	0	0

Appendix A - List of Acronyms

AB	Assembly Bill
ACF	Administration for Children and Families
APDU	Advance Planning Document Update
ARS	ACES Replacement System
BP	Business Partner
CalWORKs	California Work Opportunity and Responsibility to Kids
CASES	Computer Assisted Support Enforcement System
CBO	Community Based Organization
CCSAS	California Child Support Automation System
CCSAS - CSE	Child Support Enforcement
CCSAS - SDU	State Disbursement Unit
CDSS	California Department of Social Services
CIIP	California Insurance Intercept Project
COAP	Compromise of Arrears Program
CSA	Child Support Assurance
CSCRF	Child Support Collections Recovery Fund
CSLN	Child Support Lien Network
DCSS	Department of Child Support Services
DRA	Data Reliability Audit
EAW	Economic Analysis Worksheet
EDP M&O	Electronic Data Processing Maintenance and Operations
FC	Family Code
FC	Foster Care
FFP	Federal Financial Participation
FFY	Federal Fiscal Year

FIDM	Financial Institution Data Match
FMAP	Federal Medical Assistance Percentage
FSR	Feasibility Study Report
FTB	Franchise Tax Board
IBM	International Business Machines, Inc.
I-COAP	Interim – Compromise of Arrears Program
IDB	Integrated Data Base
KIDZ	<i>Not an Acronym</i>
LCSA	Local Child Support Agency
NCP	Noncustodial Parent
OCSE	Office of Child Support Enforcement
OMB	Office of Management and Budget
PL	Public Law
PRISM	Pre-Statewide Interim Systems Management
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
SACSS	Statewide Automated Child Support System
SB	Senate Bill
SFY	State Fiscal Year
SGF	State General Fund
SME	Subject Matter Expert
SP	Service Provider
SPR	Special Project Report
STAR/KIDS	Support Through Automated Resources/Keeping Integrated Data on System
TANF/MOE	Temporary Assistance for Needy Families/Maintenance of Effort
W & I Code	Welfare and Institution Code

Non IV-D Child Support Collections

DESCRIPTION:

Pursuant to Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires that DCSS establish and operate a State Disbursement Unit (SDU) for the collection and disbursement of payments under orders in IV-D cases and in non-IV-D cases for which the support order was initially issued on or after January 1, 1994, and in which the income of the noncustodial parent is submit to withholding.

This premise reflects the estimated Non IV-D child support collections collected through the California Child Support Automation System (CCSAS)- State Disbursement Unit (SDU). Non IV-D child support collections are cases that are not being served by the LCSAs. Also, these are cases with court ordered wage assignments, which are currently paid directly to the family, but will be processed through the SDU.

IMPLEMENTATION DATE:

This premise will be implemented as part of the CCSAS– SDU, effective May 2006.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 10080, Family Code Section 17309, and Code of Civil Procedure Section 706.030 (6)
- It is assumed that Non IV-D child support collections collected through court ordered wage withholding orders will be processed through the SDU and distributed to the families.
- This estimate is based on the SDU Request For Proposal Transaction Volume Estimate, dated October 20, 2003. The SDU transaction volume estimate used survey data from 17 states and gathered payment data from California Local Child Support Agency (LCSA) volumes.
- Based on the SDU Request For Proposal Transation Volume Estimate, it is assumed that IV-D collections will equal 53.7% and Non IV-D collections will equal 46.3% of all child support collections processed through the SDU.
- It is assumed that Non IV-D child support collections schedule of payments will phase-in, effective May 2006.

Non IV-D Child Support Collections

METHODOLOGY:

- The initial estimated SFY 2005-06 IV-D total distributed collections of \$2,408,543,000 was assumed to equal 53.7% of total collections processed through the SDU. Dividing the estimated IV-D collections by 53.7% computes \$4,485,182,495 total SDU collections.
- The \$4,485,182,495 of estimated total SDU collections was subtracted by the estimated IV-D collections of \$2,408,543,000 to compute the estimated annual Non IV-D collections of \$2,076,639,495.
- The annual projection of Non IV-D collections of \$2,076,639,495 was divided by 12 to compute an average monthly collection. The average monthly collection was multiplied by 2 to determine two months (May and June) of non-IV-D collections, \$346,107,000.

FUNDING:

- Non IV-D collections are distributed 100% to the families.

CHANGE FROM NOVEMBER:

This is a new premise effective May 2006. Sufficient data was not available to develop an estimate in November.

REASON FOR YEAR-TO-YEAR CHANGE:

This is a new premise effective in SFY 2005-06.

COLLECTIONS:

(in 000's)

	2004-05	2005-06
	<u>Collections</u>	<u>Collections</u>
Total	\$0	\$346,107
Federal	0	0
State	0	0
County	0	0
Other	0	346,107

TABLE COMPARISON
Non IV-D CHILD SUPPORT COLLECTIONS ^{1/}
(in thousands)

		2004-05 MAY REVISE					2004-05 APPROPRIATION					DIFFERENCES				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2004-05 MAY REVISE TO 2004-05 APPROPRIATION																
1	Non IV-D CHILD SUPPORT COLLECTIONS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		2004-05 MAY REVISE					2004-05 NOVEMBER ESTIMATE					DIFFERENCES				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2004-05 MAY REVISE TO 2004-05 NOVEMBER ESTIMATE																
2	Non IV-D CHILD SUPPORT COLLECTIONS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		2005-06 MAY REVISE					2004-05 MAY REVISE					DIFFERENCES				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2005-06 MAY REVISE TO 2004-05 MAY REVISE																
3	Non IV-D CHILD SUPPORT COLLECTIONS	346,107	0	0	0	346,107	0	0	0	0	0	346,107	0	0	0	346,107
		2005-06 MAY REVISE					2005-06 GOVERNOR'S BUDGET					DIFFERENCES				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2005-06 MAY REVISE TO 2005-06 GOVERNOR'S BUDGET																
4	Non IV-D CHILD SUPPORT COLLECTIONS	346,107	0	0	0	346,107	0	0	0	0	0	346,107	0	0	0	346,107

1/ Non IV-D Child Support Collections are from court ordered wage assignment cases paid to the families, which are not handled through the local child support agencies but rather through the State Disbursement Unit.

2/ Other reflects collections that are paid to families.